FBIS DAILY REPORT

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BLOC DELEGATES ADDRESS GENEVA CONFERENCE

CSSR's Vejvoda

LD022028 Prague CTK in English 1455 GMT 2 Jul 87

[Text] Geneva July 2 (CTK) -- Appreciating the Soviet moratorium on the tests of anti-satellite weapons, and criticizing the U.S. "broader" interpretation of the Anti-Ballistic Missile Treaty (ABM), Milos Vejvoda, head of the Czechoslovak delegation to the Disarmament Conference session addressed the delegates here Thursday.

The Czechoslovak representative further concentrated on the question of a ban on nuclear weapons' tests, elaborating the socialist countries' proposal for an international control.

PPR's Turbanski

LD072116 Warsaw PAP in English 1959 GMT 7 Jul 87

[Text] Geneva, July 7 -- Ambassador Stanislaw Turbanski, head of the Polish delegation to the disarmament conference of 40 states, addressed the conference at the Palace of Nations here today.

He discussed the four main elements of the Jaruzelski plan which aims at reducing the threat of an armed conflict in Europe through cutting nuclear and conventional armaments, as well as a qualitative and quantitative limitation of arms race and building confidence in the European continent. Turbanski drew attention to the fact that putting the Polish plan into effect would secure military balance at a relatively low level.

The plan is a multi-faceted entity, he said. However, each of its four components can be treated separately. We are ready to modify and expand its sections. The new Polish proposal is based on our invariable conviction that regional solutions can ensure security not only to a given region but -- owing to the increase of confidence and consolidation of political balance -- they may also facilitate the creation of a global infrastructure of peaceful co-existence, Turbanski told the conference.

ATANASOV RECEIVES SOVIET MINISTER BESPALOV

AU082038 Sofia BTA in English 1827 GMT 8 Jul 87

[Text] Sofia, July 8 (BTA) -- Today Mr Georgi Atanasov, member of the Politburo of the CC of the BCP and chairman of the Council of Ministers, received Mr Yuriy Bespalov, minister of the Chemical Industry of the USSR, who is paying an official working visit to Bulgaria.

The talks concentrated on the further promotion of technological and market cooperation. They stressed the necessity of stepping up integrational contacts in joint production, especially in the field of speciality and fine chemical industry, in semi-finished chemicals production, as well as in the technological innovation of the production capacities. The two sides discussed the possibilities for obtaining qualitatively new products and for establishing joint enterprises and other forms of economic and trade integration.

SED'S AXEN, DELEGATION ARRIVE ON VISIT

LD081749 East Berlin ADN International Service in German 1509 GMT 8 Jul 87

[Text] Sofia, 8 Jul (ADN) -- Hermann Axen, member of the Politburo and secretary of the SED Central Committee, arrived in Sofia this afternoon for a working visit at the invitation of the BCP Central Committee. He was cordially welcomed at the airport of the Bulgarian capital by Georgi Yordanov, candidate member of the BCP Central Committee Politburo and deputy chairman of the Council of Ministers.

After his arrival, the guest laid a wreath at the Dimitrov Memorial in the center of the Bulgarian capital. Afterward the SED Central Committee delegation led by Hermann Axen learned about the life and work of the revolutionary statesman and about the implementation of his legacy in the socialist fraternal country during a visit to the Georgi Dimitrov National museum.

MLADENOV RECEIVES DEPUTY FOREIGN MINISTERS

AU081424 Sofia BTA in English 1202 GMT 8 Jul 87

[Text] Sofia, July 8 (BTA) -- Mr Petur Mladenov, member of the Politburo of the BCP CC and minister of foreign affairs, received today the participants in a meeting of deputy foreign ministers of the socialist countries called to discuss matters related to the forthcoming 42d session of the UN General Assembly. According to the participants in today's meeting, the session will center its attention on disarmament and the building of a comprehensive system of security.

The situation in which the 42nd session will take place differs greatly from the situation in recent years. There exist the conditions now for the adoption of decisions that would corresond to the interests of all states. This also reflects the main aims of the socialist countries' foreign policy: the preservation of peace and security in the world, the strengthening of the UN and the abidance by the principles embodied in its charter.

ZHIVKOV TOAST AT DIPLOMATS' DINNER 25 JUNE

AU011219 Sofia RABOTNICHESKO DELO in Bulgarian 26 Jun 87 pp 1, 8

[Speech made by Todor Zhivkov, general secretary of the BCP Central Committee and chairman of the State Council, at dinner given in Blagoevgrad on 25 June for leaders of diplomatic missions accredited to Bulgaria]

[Text] Esteemed comrades, ladies and gentlemen,

I thank you for responding to the invitation to our traditional meeting. We value such meetings highly, because they give us the opportunity to meet one another not only as politicians, but also as people. I hope that the present meeting will also help us to get to know one another better and will give us an opportunity to exchange ideas frankly, and in a friendly atmosphere.

Last year, as most of you recall, we were in Lovech Okrug, in northern Bulgaria. It is now my pleasure to welcome you to southern Bugaria, to our lovely Pirin region. You probably know that Blagoevgrad Okrug used to be one of the most economically backward regions in our native land. Over the past years it has been transformed and renewed. As you have all seen, the okrug is seething with dynamic, full-blooded life. The people are working well and taking an active part in developing the national economy and Bulgaria's socialist culture.

Although I was born in northern Bulgaria, I have always felt a link with Blagoevgrad Okrug and its industrious, patriotic population. It is always a source of joy for me to visit this okrug, renowned not only for its aromatic tobacco, famous throughout the world, but for its industrial and agricultural production, and also for its famous red wine. It is also famed for its natural beauties, its folklore loved by one and all, and its harmonious songs and spirited dances.

I do not think that our host Lazar Prichkapov, first secretary of the okrug BCP committee, will raise any objections if I invite you on his and my own behalf to the next national gathering "Pirin Sings."

As we have been informed, the achievements of the okrug's workers form an inseparable part of our common efforts to implement the party's strategic policy for achieving qualitatively new growth in the economy and the other fields of life, and for further increasing the Bulgarian people's prosperity.

If called upon to describe in a few words what is taking place in Bulgaria today, I might say the following: Our society is in a stage of profound reforms. In any case, you are just as aware of the situation in the country as I am, and know that we are carrying out especially big changes in the economic sphere. We are creating new economic and management structures; we are setting up self-managing organizations; we are beginning to apply economic methods and approaches everywhere; and we are developing socialist democracy on the basis of self-management. The aim of these changes is to create even better conditiosn for the development of the economy, the social sphere, and our culture, while taking into fullest consideration the achievements of the scientific and technical revolution. We are endeavoring to increase the competitiveness of our products, participate even more actively in the international division of labor, and develop Bulgaria's trading, economic, and other links with the world.

You are aware that I recently made a number of official visits abroad. I was in Algeria, the PRC, and the FRG. During these visits many useful meetings and talks took place that opened up new opportunities for mutually beneficial cooperation and confirmed the common striving for detente and understanding.

Bulgaria is a small country, but in the modern world even small countries have their place and can be good partners, both politically and in developing economic and cultural life.

It is no secret that I use every opportunity to meet not only politicians and statesmen, but also a number of authoritative representatives of the business world. Only a week ago I had talks with a large group of U.S. businessmen and bankers who took part in the first session of the Bulgarian-U.S. Trade and Economic Council of Sofia. In the course of the talks we established that good prospects exist for beneficial, businesslike cooperation.

I would like to state once again that our associaton and economic organizations are ready to enter into new forms of economic links, and to expand mutually beneficial scientific and technical production-sharing and cooperation.

The development of economic links and international cooperation strengthens the atmosphere of understanding and trust, and promotes mankind's general progress. Whatever disputes and differences may exist between individual states, in our view they can only be settled in conditions of peace, through political dialogue.

We are all aware that in the present situation humanity can continue to exist solely and exclusively through peace and peaceful coexistence. Today security can only exist as a universal concept. To ensure such security, all leaders and state figures must have a sense of responsibility toward history and political good will. Peoples should rally around this humane standpoint, irrespective of race or nationality, persuasion, religion, or social status.

The recent meeting of the Warsaw Pact Political Consultative Committee demonstrated that we are not striving to achieve unilateral political and military supremacy, but are looking for constructive, mutually acceptable solutions and call on all states to work together to preserve peace for present and future generations.

Because of the nature of your work, you follow at close hand the foreign-policy acts of the People's Republic of Bulgaria. You are well aware of our consistent peace-loving policy. We have discussed it with you on many occasions.

Everywhere and in everything we are offering practical proof of our desire to play a constructive role in international affairs and in solving the great common problems.

Bulgaria plays host to large-scale international events, in the spirit of our devotion to the cause of peace.

Blagoevgrad Okrug, which we are visiting, is an especially relevant place for me to stress once again our principled policy of peace and good-neighborliness in the Balkans. This policy is expressed in our efforts to turn the Balkans in to a nuclear and chemical weapons-free zone, a zone of peace and good-neighborliness.

Comrades, ladies and gentlemen,

I would like now to express the gratitude of the Bulgarian State Council and the Council of Ministers, as well as my own thanks, for your personal contribution to the development of relations between our state and the countries that you represent.

I can assure you that in the future we will continue to endeavor to create the most favorable conditions and assist you in carrying out your responsible mission.

As is the custom at every friendly meal, permit me to propose a toast:

-- To peace and security in the world, to understanding and cooperation between all peoples!
-- To your good health and that of your families!
-- To the health of all those present!
-- Your health!

ZHIVKOV VISITS KHASKOVO, MIKHAYLOVGRAD

AU071006 Sofia RABOTNICHESKO DELO in Bulgarian 3 Jul 87 pp 1, 8

[BTA Report: "Decisive Measures for Restructuring"]

[Text] On 1 and 2 July Todor Zhivkov, general secretary of the BPC Central Committee and State Council chairman, paid a businesslike and working visit to Khaskovo and Mikhaylovgrad.

The two cities' citizens greeted our first party and state leader with great warmth and cordiality. They expressed their warm support for the efforts now being made in our country to implement the decisions of the 13th BCP Congress and the BCP Central Committee December Plenum, and to put into effect the strategic course aimed at achieving a qualitative new growth and a decisive turning point in developing our economy and the entire society through constructing new structures and applying the principles of self-management.

The meetings and talks in Khaskovo and Mikhaylovgrad were devoted the problems now being solved by the party and state, the self-managing economic organizations, the BCP okrug committees, the working people of our country, and specifically, the working people of the two cities' area. Special attention was devoted to prompting their activity and creativity in order to create the most favorable conditions for implementing the plan on the scientific-technical and socioeconomic development of the country during the current year.

Meetings took place with members of the bureaus of the BCP okrug committees and the executive committees of the okrug people's councils. The meetings were attended by the first secretaries, Stoyan Stoyanov and Petur Nikolov, who reported on the party-political and organizational activity taking place in their okrugs. They stressed the unsatisfactory implementation of the plans, pointing out that the possibilities of the economy and the cadres are much higher, and that ways are now being sought to reveal the existing reserves and new possibilities for achieving the envisaged pace and mobilizing the working collectives.

Comrade Todor Zhivkov greeted the efforts of the leaderships and the working people of the two okrugs to implement the congress decisions for a qualitative new course. [paragraph continues]

He stressed that the positive changes in Khaskovo Okrug are significant, while Mikhaylovgrad Okrug is lagging behind, according to some basic indexes, in comparison with the country's average.

In this context the general secretary of the BCP Central Committee and State Council chairman pointed out that it is necessary to adopt decisive measures for restructuring the style and methods of leadership and to develop an effective and more active dialogue between the self-managing economic organizations and collectives and the central departments.

Comrade Todor Zhivkov also had cordial meetings with the working collectives of "Khimmash" and the brewery plant in Khaskovo, and the "Pretsiz" and "Analitik" plants in Mikhaylovgrad. With his specific informality and natural simplicity he talked with the workers and specialists, and showed interest in their working problems, working conditions and leisure, and their salaries. He showed a special interest in the issue of implementing the principles of the labor collectives' self-management.

Both in Khaskovo and Mikhaylovgrad Comrade Todor Zhivkov took part in meetings of okrugs' party, state, economic, and public aktivs. He talked on some issues of our development and on the international situation, stressing that what has been achieved in Bulgaria since the BCP Central Committee April 1956 Plenum is a historical achievement, and the merit of the working people.

Comrade Todor Zhivkov stressed that the new realities in the world, the socialist community, and in our country require a fundamental restructuring of the economy and all social spheres. The consistent application of socialist self-management has a leading place in developing the creativity, power, and possibilities of the millions of people.

The speech of the first party and state leader was heard with great attention and followed by prolonged applause. His words, the well-grounded analysis of our present development, and the roads to restructuring he pointed out inspired the participants in the meetings to work even harder and more actively to implement the main tasks to ensure our progress.

YOTOV CHAIRS NUCLEAR ENERGY CADRES MEETING

AU061334 Sofia RABOTNICHESKO DELO in Bulgarian 3 Jul 87 p 8

[Text] On 2 July a meeting took place at the BCP Central Committee. It was chaired by Yordan Yotov, member of the BCP Central Committee Politburo and Central Committee secretary. Party, state, and economic leaders took part in the meeting. Basic issues related to selecting, training, and placing cadres for the nuclear power supply were discussed. It was found that many ministries, departments, associations, and okrug people's councils do not precisely and responsibly implement the existing decisions related to the prospects of developing nuclear power supply in Bulgaria.

ASSEMBLY COMMISSION EXAMINES CONSTRUCTION LAG

AU051556 Sofia ZEMEDELSKO ZNAME in Bulgarian 27 Jun 87 p 4

[BTA report: "Serious Ground for Concern"]

[Text] On 26 June the National Assembly Socioeconomic Development Commission discussed an exceptionally acute problem -- the implementation of the complex programs on commissioning the basic national projects. The analysis shows that the timely commissioning of many basic funds, expected to render additional production, is endangered.

Grisha Filipov, chairman of the commission, stressed that it is necessary to give priority to providing capacities in machine building, and to demand accountability from those who are contributing to the delay in implementing the complex programs on commissioning the projects.

Measures were adopted of the timely construction and commissioning of the basic national projects.

The meeting also dealt with the construction of schools. It was concluded that this kind of construction has been neglected. Capital investments totalling 131 million leva have not been used and 463 classrooms have not been commissioned. Only about 14 percent of the envisaged capital investments have been used during the first 4 months of the year. The situation in Sofia, Varna, Burgas, and Blagoevgrad is most difficult. in addition at present 46 percent of the children are studying in two shifts.

The Socioeconomic Development Commission adopted a decision aimed at overcoming the present alarming situation.

'SMALL DRUG ADDICTION' STATISTICS NOTED

AU070908 Sofia ANTENI in Bulgarian 1 Jul 87 pp 1, 8, 9

[Article by Katya Konstantinova and Orlin Filev: "An Attempt To Escape?"]

[Excerpts] Recently in Sofia and some other major cities there have been indications that pupils are using ostensibly innocent chemicals, or in other words "substitutes," for the usual illicit drugs. One can hear a special slang at youth meetings. In the streetcars and trolleys it is no exception to see a 9- or 10-year-old boy sniffing an open tube of glue. Nobody pays any attention to him. Until recently the grown-ups could not assume that the inhaling of acetone fumes could develop into a suicidal habit. The phenomenon of "small drug addiction" appeared. What happened? [passage omitted]

Since 1971 25 people have died in Bulgaria from drug overdoses. Their average age was 20 years. Among them there were also casualties of the "small drug addiction" -- pupils from the 6th and 7th grade of school.

Let us examine the dynamics of the phenomenon. In 1971, after the first wave of the sixties, there were 210 registered cases of drug addiction. In 1984 -- 560, and at the beginning of 1987 -- 647....

One of the major contemporary problems of youth has also affected our country. [passage omitted]

SPANISH KING, DELEGATION VISIT PRAGUE

LD081302 Prague CTK in English 1128 GMT 8 Jul 87

[Text] Prague July 8 (CTK) -- King Juan Carlos I of Spain and Queen Sophia arrived here today on an official visit to Czechoslovakia. They were greeted at Prague's Ruzyne Airport by Czechoslovak President Gustav Husak, at whose invitation the visit takes place.

The king's visit is the first to Czechoslovakia by Spain's head of state since the two countries established diplomatic contacts in 1921. It is expected to help further expand bilateral relations, developing since the ties, broken in 1939, were restored ten years ago and both countries expressed interest in the deepening of their contacts in economy, science, technology, and culture.

Czechoslovak Foreign Minister Bohuslav Chnoupek paid official visits to Spain in March 1979 and last May, while Spain's then foreign minister, Fernando Moran Lopez, visited Czechoslovakia in December 1984. During both stays, the Czechoslovak minister was received by the king.

Also growing since 1977 have been economic and trade contacts between the two countries. The Czechoslovak minister of foreign trade paid a visit to Spain in 1977, reciprocated by his Spanish counterpart earlier this year, and a bilateral agreement was signed in 1986 envisaging a long-term development of trade contacts.

Czechoslovakia's main exports to Spain include machine tools and other industrial machinery, cars and tractors, excavators, glass, textiles and footwear, hops and malt, while various types of food products, textile machinery and numerous industrial goods are principal Spanish exports. Last year's bilateral trade turnover amounted to approximately 70 million dollars.

Juan Carlos Meets Husak

LD082126 Prague Domestic Service in Czech 1900 GMT 8 Jul 87

[Text] A meeting took place this afternoon in the Brozil Room of Prague Castle between Gustav Husak, president of the Republic, and King Juan Carlos I of Spain. Also present for the Czechoslovak side were Foreign Minister Bohuslav Chnoupek; Frantisek Salda, head of the President's Chancellery; and Milan Skolout, the Czechosiovak ambassador to Spain. Present for the Spanish side were Foreign Minister Francisco Fernandez-Ordonez; and Carlos de la Figuera, ambassador to Czechoslovakia.

Gustav Husak and Juan Carlos I discussed the existing development of mutual relations and exchanged views on some topical questions of the current international situation. In an open and businesslike talk, they praised the fact that there were no open problems between Czechoslovakia and Spain, and that relations between the two countries were positive and were developing successfully in the political, economic, cultural, and other spheres. They stressed that there were prospects for further deepening these relations, and noted that the constructive nature of the relations between Czechoslovakia and Spain not only corresponded to the vital interests of the peoples of the two countries, but also contributed to strengthening peace and cooperation in the world.

The two statesmen agreed that the level of their political dialogue was not yet fully matched by their economic cooperation. They pointed out a number of opportunities for expanding this cooperation. They stressed the importance of seeking and implementing new forms of economic cooperation, including joint approaches on third markets.

In an analysis of the international situation, the two statesmen noted an identity or proximity of views in their assessment of its main problems. They stated that both countries were actively striving for detente, to create a more favorable atmosphere for tackling the key issues of security and disarmament, and to increase trust and understanding between nations. In the talks, which took place in a friendly atmosphere, King Juan Carlos I of Spain invited President Gustav Husak to pay an official visit to Spain. The invitation was accepted with thanks, with the date of the visit to be agreed through diplomatic channels.

Juan Carlos I also had a meeting today in Prague Castle with members of the Prague diplomatic corps.

Foreign Minister Meets Chnoupek

LD082109 Prague Domestic Service in Czech 1600 GMT 8 Jul 87

[Text] CSSR Foreign Minister Bohuslav Chnoupek and Spanish Foreign Minister Francisco Fernandez Ordonez held working talks today in the Cernin Palace in Prague. They noted that the historic visit by King Juan Carlos I and Queen Sofia to Czechoslovakia symbolizes the high level of Czechoslovak-Spanish relations, and is a mutual contribution to stimulating the policy of detente and wide international cooperation.

In a talk on bilateral issues, they expressed full satisfaction at the implementation of the conclusions following from the talks between the two ministers in May in Madrid. Ministers Bolhuslav Chnoupek and Francisco Fernandez Ordonez also exchanged views on the current international situation, stressing the new features and prospects for disarmament talks.

FURTHER REPORTAGE ON VISIT BY FRG'S JENNINGER

Talks With Indra, Kempny

AU081424 Bratislava PRAVDA in Slovak 30 Jun 87 pp 1,2

[CTK report: "For a Comprehensive Development of Cooperation; Philipp Jenninger's Stay in Czechoslovakia"]

[Excerpts] Prague (CTK) — Philipp Jenninger, president of the FRG Bundestag, paid tribute to the Unknown Soldier yesterday [29 June] morning. [passage omitted]

Later Philipp Jenninger and members of his entourage were received by Alois Indra, chairman of the CSSR Federal Assembly. The reception was attended by deputy chairmen of the CSSR Federal Assembly Jan Marko, Vladimir Vedra, Jan Janik, Zbynek Zalman, and Josef Simuth; and by other repesentatives of our supreme body of representatives.

Werner Schattmann, FRG ambassador to the CSSR, was also present.

Alois Indra opened the talk by stressing that we view the FRG Bundestag president's visit as a politically significant event, particularly because it overcomes the abnormal situation of nonexistent official contacts between the parliaments of two neighboring countries.

Philipp Jenninger expressed thanks for his reception in our country and expressed his satisfaction that now the CSSR and FRG Parliaments can also actively participate in fulfilling the 1973 treaty on mutual relations.

He stated that, in his view, the most important task today is to ensure a peaceful life on our planet and the development of cooperation among nations. The dialogue between countries with different social systems is an important factor in this, since it significantly helps to consolidate trust. We have learned from history, he said, and we will never forget the sufferings it brought; in the first place, however, we now want to create a better future.

He spoke of disarmament problems. According to what he said, at present there is a historical chance of eliminating at least some of the most destructive nuclear arms; it is also necessary to search for ways of eliminating strategic missiles and chemical armaments, and for limiting conventional weapons on our continent. Disarmament agreements, he declared, can be effective solely if they are based on trust between East and West. That is also why we want to comprehensively develop cooperation with Czechoslovakia as the FRG's immediate neighbor, because this cooperation contributes toward creating such trust. In this context he mentioned the establishment of direct contacts between individual enterprises in both countries, cooperation in environmental protection, and possibilities for developing tourism and cultural exchange.

Alois Indra also dealt extensively with the current international situation, in which the realization that war cannot be a means of resolving any disputes is becoming increasingly manifest. He pointed out the disarmament proposals of the USSR and its allies, which are characterized by good will and the endeavor to seek bilaterally acceptable compromises. However, the more flexible these proposals are, the more complicated certain evasive maneuvers of the NATO states become -- even though we naturally appreciate such positive approaches as, for instance, the NATO Council's decision on the adoption of the "double zero solution."

"Nevertheless, the FRG's demand to exclude 72 Pershing-1A missiles from USSR-U.S. negotiations is incomprehensible to us. Its insistence on this standpoint could block the Geneva negotiations which are developing so promisingly. Maintaining Pershing-1A missiles on FRG territory would affect our security, and under these circumstances no operational-tactical missiles could be removed from the CSSR," Alois Indra emphasized.

He then recalled the joint CSSR-GDR proposal on the establishment of a nuclear and chemical weapon-free corridor in central Europe, and the proposals to convene an economic forum in Prague and a conference on humanitarian issues in Moscow.

He also appraised the level of bilateral relations. In his appraisal he stated that the Czechoslovak public is reacting very sensitively to every sign of revanchism and neo-Nazism in the FRG. He expressed appreciation for the deepening political contacts and for the positively developing economic cooperation and trade and cultural exchange, as well as for the extensive partnership contacts between cities. Czechoslovakia is interested in changing the structure of its exports to the FRG and in removing the obstacles which are currently limiting it in certain respects.

In a frank and constructive discussion, Philipp Jenninger expressed, inter alia, his personal conviction that the Pershing-1A missiles will not represent an insurmountable obstacle at the USSR-U.S. negotiations in Geneva. He also said that he understands the Czechoslovak citizens' concern [obavy] over certain manifestations of revanchism. In his view, extremist forces do exist in the FRG; but they have no great influence on public life. The guests then signed the Federal Assembly guest book.

In the afternoon of the same day Philipp Jenninger and other FRG Bundestag deputies were received by Josef Kempny, Czech National Council (CNR) chairman.

At the beginning of their talk, which was also attended by CNR Deputy Chairmen Marie Jarosova, Oldrich Bursky, and Josef Kana, Josef Kempny recalled the close contacts between the CNR and the Diet of Northrhine-Westphalia, which had in a way heralded the official contacts now being established between the two parliaments. These contacts, the FRG Bundestag president remarked, are part of the efforts to improve the atmosphere in East-West relations and to develop bilaterally beneficial cooperation.

The working character of the talk was then determined by the questions put by the FRG deputies and answered by CNR representatives. Toward the end, their businesslike discussion concentrated on ecology. The CNR Chairman emphasized in this connection that it is essential to achieve real progress in disarmament -- for then the means freed in this manner could be devoted to resolving global problems -- among them problems of ecology.

In conclusion the guests signed the guest book at CNR headquarters.

Alois Indra, CSSR Federal Assembly chairman, gave a festive dinner in honor of Philipp Jenninger, FRG Bundestag President, in Prague yesterday [29 June] evening. It was attended by deputy chairman of the CSSR Federal Assembly Jan Marko, Vladimir Vedra, Jan Janik, Zbynek Zalman, and Jozef Simuth; by deputy chairmen of the Federal Assembly Chambers Alois Hula, Eva Zeleznikova, and Vaclav Stafek; by CSSR Deputy Premier Karol Laco; by CNR Deputy Chairman Marie Jarosova; by CSSR Foreign Minister Bohuslav Chnoupek; and by other representatives of our political and public life.

Dusan Spacil and Werner Schattmann, ambassadors of the two countries, and members of the FRG Bundestag president's entourage were also present. [passage omitted]

Gives Press Conference

AU081750 Prague RUDE PRAVO in Czech 4 Jul 87 p 7

[Commentary by Ladislav Alster in the "Notes" column: "Contributing to the Dialogue"]

[Text] The delegation of FRG Bundestag deputies headed by Philipp Jenninger has just undergone a demanding 4-day program in the CSSR which has enabled it to get to know our fatherland better and to discuss issues of bilateral interest with our leading representatives.

The reception of the delegation by the CSSR president, by our Federal Assembly chairman, by the federal premier, and by other leading representatives of our Republic provided an incentive for talks on various issues of political relations between the two neighboring countries. At the concluding press conference, Philipp Jenninger appraised the results of his negotiations in this respect as a contribution to a political dialogue and to an intensification of mutual cooperation.

The talks focused mainly on disarmament issues, where unity was achieved in the basic goals, P. Jenninger stated. He emphasized the FRG's standpoint that disarmament must not be limited to medium-range missiles alone. To this one can add that the CSSR, like the USSR and the other Warsaw Pact countries, is in favor of the broadest and fullest possible speedy disarmament.

The FRG is our largest trade partner among the industrial capitalist countries. However, P. Jenninger holds the view -- and we agree with him -- that our cooperation could be further raised, particularly the collaboration between the enterprises of the two countries on third markets.

At the press conference the Bundestag president declared that the FRG has no territorial demands toward the CSSR, either on the governmental level, or on the level of the political parties represented in its parliament. The only party to raise territorial demands is the (neo-Nazi) National Democratic Party of Germany (NPD) which allegedly has only a few members and is politically insignificant. It allegedly consists of "individuals" who have only a small impact. We would hope Mr Jenninger is right. However, at rallies of associations of national groups one hears revanchist voices full of vulgarities and insults, often even in the presence of Bonn government members. As an experienced politician and undoubtedly a man of good will, Mr Jenninger is sure to understand that we in Czechoslovakia read this kind of report with a feeling of justified alarm.

FURTHER REPORTAGE ON VISIT BY GREEK FOREIGN MINISTER

Confers With Chnoupek

AU081648 Prague RUDE PRAVO in Czech 3 Jul 87 p 2

[CTK report: "CSSR-Greek Relations, an Example of Peaceful Coexistence"]

[Excerpt] Prague (CTK) -- CSSR President Gustav Husak received Karolos Papoulias, minister of foreign affairs of the Hellenic Republic, who had arrived in Czechoslovakia for an official visit on Thursday [2 July] at Prague Castle on the day of his arrival. [passage omitted]

Negotiations were also conducted between Ministers Bohuslav Chnoupek and Karolos Papoulias in the Cernin Palace in Prague.

The two representatives appraised the key issues of the international situation. They stated that their states' stands on the weightiest internationl problems are very close, and in many instances identical, despite their belonging to different military-political and economic groupings. [paragraph continues]

They emphasized both countries' common interest and political will to continue actively contributing toward consolidating peace in Europe and in the world, and they spoke in favor of adopting specific measures to halt armament, especially nuclear armament, to avert the militarization of outer space, and to enhance mutual understanding and trust among peoples. They underscored that in this effort a significant role is played by the development of cooperation between the CSSR and the Hellenic Republic, their relations being an example of peaceful coexistence between states with different social systems.

In evaluating the international situation, Minister Chnoupek stated that the escalation of international tension was recently successfully halted, thanks to the USSR's peace effort. He briefed his guest in detail on the May [1987] session of the Warsaw Pact states' Political Consultative Committee, which strikingly expresssed the new approaches adopted by the socialist countries and the new philosophy of political thinking in international relations.

In speaking of the Soviet proposal on the elimination of medium-range and operational-tactical missiles, he pointed out the obstacles to concluding an agreement, and particularly the alarming endeavors to exclude from negotiations the problems of U.S. nuclear warheads for the Pershing-1A missiles, which belong to the Bundeswehr. We are categorically opposed to the FRG obtaining access to nuclear arms in this manner, Bohuslav Chnoupek declared. He then stressed that the historical opportunity for concluding an agreement must not be wasted, since a successful conclusion of an agreement would radically improve the atmosphere in the world and open the way for further disarmament negotiations.

Minister Papoulias provided detailed data on the NATO Council's Reykjavik session, calling its results encouraging and hopeful. According to him, both the adopted communique and the deliberations were an expression of Europe's efforts to conclude an agreement on the elimination of medium-range missiles. This means that Europe is in favor of disarmament and the establishment of an atmosphere of trust, the Greek minister said. He expressed the hope that the problems of the 72 Pershing-1A missiles in the FRG will not become an obstacle to the conclusion of an agreement.

Minister Chnoupek pointed out certain positive signs coming from the NATO Council's Reykjavik seesion, but simultaneously recalled that a number of problems must still be resolved on the road to reaching agreement on the elimination of medium-range missiles.

Karolos Papoulias briefed his Czechoslovak partner in greater detail on the summit meeting of EEC representatives which, according to him, has European unification as its goal, in spite of the existing problems. He briefed his partner on the initiative of the "Delhi Six," which proves the moral strength of these states and their influence on the world community. He devoted particular attention to the situation in Europe and expressed interest in a more productive course of the Vienna follow-up meeting. He expressed full support for the CSSR-GDR proposal on creating a corridor free of nuclear and chemical arms in Europe, and he pointed out a similar initiative launched by Greece and the Balkan states.

In assessing the regional conflicts, he pointed out the existing hotbeds of tenison which are creating opportunities for foreign interference. He thanked Czechoslovakia for the support it is granting to solving the Cyprus issue, and welcome the USSR's proposal to convene an international conference on these problems. On the issue of the Near and Middle East, the Greek minister identified himself with the Czechoslovak stand and spoke in favor of convening an international conference on the Middle East.

Bohuslav Chnoupek expounded the Czechoslovak stands on all problems under discussion and expressed great appreciation for the stands held by the Hellenic Republic on weighty international issues and for its energetic activities in the group of the "Delhi Six." [passage omitted]

More on Chnoupek Talks

AU071721 Prague RUDE PRAVO in Czech 4 Jul 87 pp 1, 2

[CTK report: "Great Possibilities for Developing Czechoslovak-Greek Contacts"]

[Text] Prague (CTK) — Bohuslav Chnoupek, CSSR minister of foreign affairs, and Karolos Papoulias, minister of foreign affairs of the Hellenic Republic, met on Friday [3 July] in Prague for their final talks.

They expressed satisfaction with the positive development of bilateral relations, which have markedly and comprehensively intensified, especially since the visit by Andreas Papandreou, prime minister of the Hellenic Republic, to the CSSR in 1984 and CSSR Premier Lubomir Strougal's visit to Greece in 1986. The two ministers pointed out the significance of the Czechoslovak-Greek declaration on the development of mutual relations and cooperation, as well as the significance of other treaty documents which are creating broad scope for deepening the political dialogue and mutual contacts on all levels.

B. Chnoupek and K. Papoulias spoke in favor of strengthening economic cooperation to make better use of the opportunities provided by the Long-Term Program of the Development of Economic, Industrial, and Technical Cooperation Between the CSSR and the Hellenic Republic, signed in 1984. They stated that significant progress has been made in the scientific-technical cooperation between the two countries, as proved by the realization of 39 joint interest projects, inter alia in engineering, agriculture, micro-electronics, and atmospheric environmental protection.

In assessing international issues, both ministers devoted particular attention to the situation in Europe, in the Mediterranean, and in the hotbeds of tension in the world.

Bohuslav Chnoupek acquainted his partner witdh Czechoslovakia's contribution to the development of the Europe-wide process, as well as with the CSSR's activities to achieve a successful conclusion of the Vienna follow-up meeting. He stressed that we want to continue to strengthen the development of international cooperation in the military-political, economic, humanitarian, and ecological spheres. This is also proved by the Czechoslovak proposal to convene an economic forum in Prague, and by our support for the USSR's proposal to arrange a conference on the development of humanitarian cooperation in Moscow.

The Czechoslovak minister called the continuing Arab-Israeli conflict in the Middle East the most acute hotbed of tension in the world. He underscored that we see the way to resolve it in the convening of an international conference on the Middle East, which would comprehensively solve the Mideast problem with the participation of all interested sides, including the PLO. Our hopes are encouraged by the fact that the Arab states are gradually finding a common language, and that support for the conference has been voiced not only by these and other states, but also by the Nonaligned Movement and the EEC. [paragraph continues]

Minister Chnoupek then expressed support for making the Mediterranean a zone of peace, without any alien military presence. In speaking about the Cyprus issue, he stressed that it can be resolved solely by peaceful methods and political means. He spoke in favor of the unity and territorial integrity of the Republic of Cyprus and in favor of respect for its nonaligned status.

Karolos Papoulias stressed that Greece is determined to contribute to peace in a Europe without wars or the danger of confrontation. He reaffirmed his country's interest in the double-zero solution to the problems of medium-range and operational-tactical missiles in Europe. Furthermore, he provided information on the initiatives of Balkan states which are aimed at consolidating peace both in that area and in the world. He also spoke in favor of a political solution to the situation in hotbeds of tension, and expressed full agreement with the Czechoslovak stand on the solution of the Cyprus issue.

Both ministers concurrently stated that great possibilities exist for developing Czechoslovak-Greek contacts further, for the benefit of the two countries and in the interests of the world, of peace, progress, and justice.

K. Papoulias invited B. Chnoupek for an official visit to Greece. The invitation was accepted with thanks.

LENART RECEIVES SOVIET CIVIL DEFENSE CHIEF

LD072136 Prague Domestic Service in Czech 1930 GMT 7 Jul 87

[Text] Jozef Lenart, member of the CPCZ Central Committee Presidium and first secretary of the CPSL Central Committee, received in Bratislava today a USSR civil defense delegation that is paying an official visit to Czechoslovakia. The delegation is headed by Army General Vladimir Govorov, USSR deputy defense minister and chief of Civil Defense. The two representatives briefed each other on the topical tasks in civil defense in the two countries. The members of the Soviet delegation were also received by Bratislava Mayor Stefan Bartak.

STROUGAL RECEIVES VISITING BEIJING MAYOR

LD082129 Prague CTK in English 2001 GMT 8 Jul 87

[Text] Prague July 8 (CTK) -- Czechoslovak Premier Lubomir Strougal received here today Mayor of Beijing Chen Xitong for talks on Czechoslovak-Chinese cooperation.

After the visit of Acting General Secretary of the Communist Party of China and Premier Zhao Ziyang to Czechoslovakia last month, cooperation between the two countries has entered a qualitatively new stage.

As concrete impulses were given also to economic cooperation of Czechoslovakia and China, it is expected that the two capitals will substantially extend their relations in all spheres.

Live and concrete cooperation of two socialist states is needed both in Czechoslovakia and China. It is of great benefit to the two countries and serves at the same time the cause of peace and security in the world.

Later in the day, the Chinese guest was received by Chairman of the Foreign Committee of the House of the People of the Czechoslovak Federal Assembly Miroslav Stepan.

They informed one another of the work of the two countries' legislative bodies. Miroslav Stepan acquainted Chen Xitong with the foreign policy activity and legislative initiative of the Federal Assembly.

Both sides voiced interest in further development of relations between legislative bodies to the benefit of the peoples of the two countries, socialism and peace.

CPCZ DELEGATION RETURNS FROM PRC

AU071745 Prague RUDE PRAVO in Czech 4 Jul 87 p 2

["z"-signed report: "Return From China"]

[Text] Prague (z) -- A CPCZ Central Committee study delegation, led by Karel Kovar, deputy head of CPCZ Central Committee department, has returned from the PRC where it has been studying the experience acquired in the PRC's political-organizational activities and its intraparty life.

During its stay in the country, the delegation was received by Quiao Shi, CPC Central Committee Politburo member. Central Committee secretary, and vice-premier of the PRC State Council.

NEW INFORMATION ON SLUSOVICE AGROKOMBINAT PUBLISHED

WA091440 Bratislava NOVE SLOVO in Slovak 25 Jun 87 pp 4,5

[Article by Ivan Postupka: "He Who Does Not Believe Should Go Take a Look: On the Margins of Slusovice Mystery"]

[Text] I had a sudden opportunity to visit JDR [unified agricultural cooperative] Agrokombinat Slusovice. I was to participate in the "Television News" press conference with the JDR chairman Engr Frantisek Cuba. His condition for granting the press conference was that each newspaperman who would be at the press conference should first see Slusovice for himslef. A reasonable demand.

Favoritism, influential contacts, proselytizing, adoption of the Bata methods [reference to the famous Czech pre-World War II Bata shoe factory which operated on rationalized mass production lines and had branches all over the world] and other capitalist methods -- one hears on all sides -- is the secret of the Slusovice success. And I am a suspicious creature.

Yet, I have no reason to disbelieve the chairman's statement that they do not operate under any kind of favoritism and that they have no more influential acquaintances than anybody else. This is corroborated by the fact that even the profusion of various types of inspections (almost 100 per year) has been unable to detect any illegal economic violations. They [JDR Slusovice] deal with foreign countries through the appropriate PZO [Foreign Trade Enterprise]. The average wage of their employees is only two or three hundred korunas higher than in other Czechoslovak JDR's. Still, it was not my intention to engage in polemics with those who spread "guaranteed-true" information, nor with the naive statements which I encountered after the television discussion with Mr. Cuba. But the reaction of Engr Jozef Markovic in NOVE SLOVO No 22 [1987], who claimed that V.A. Daniel did not quite hit the nail on the head in his article about Slusovice, caused me to pick up the pen.

"Our people are being rewarded for results, not for just working," said Mr Cuba in the television debate. Although it is a simple idea, its implementation is not so simple. But it is the source of success of the Agrokombinat. An ingenious system of economic and research and development strategy, a consequent application of the khozraschet [economic accounting] method, a good system of personnel work, incentives, and an extensive social program. These are the specific manifestations -- or perhaps I should say, results.

I had the feeling that people in Slusovice are convinced that the times when they were distrusted have passed. But that does not seem to me to be the case -- quite the opposite. The fact that recently they have been written and talked about more frequently than before does not seem to have diminished the numbers of their ill-wishers. Expensive overseas vacations, color television sets, horses, race cars -- where are they getting money for all that?

They produce annually Kcs3.5 billion worth of goods and services, more than Kcs600,000 per worker (five times as much as the average in CSSR), their annual growth increase is 30 percent, and they make Kcs300 million in profits. That is a very good base for financing social amenities. In well-equipped dining rooms, where the retirees get their food for a token payment; in the social infrastructure -- sports fields, recreation areas, and cultural establishments -- there is nothing unusual, despite the high standards in everything. But to offer to anybody in the vicinity, and that includes those who are not members of the JRD, construction material for house repair worth tens of thousands of korunas for free -- now that can hardly be considered a matter of course. I got the impression that the driving force behind the activities in Slusovice is not the game of profit but human beings -- human beings motivated by a comprehensive effort to fulfill their work ambitions and satisfy their living standard requirements who are not affected by the wide spread indulgence of human weaknesses and poor quality work.

"If we had possibilities like those in Slusovice, we would also..." It needs to be said that Slusovice JRD did have one advantage over many other cooperatives (but dozens of other JRD's had the same advantage). During the period of pressure for liquidation of associated productions, which was and is still misused by many a JRD -- or better said, by individuals and modern-day gangs engaged large-scale frauds -- Slusovice was able to keep and jusitfy its associated productions with the help of okres and kraj party organizations. After all, the seasonality of agricultural production and its low return require diversification. But let us take a look at areas where Slusovice had the same opportunities as everybody else.

Move operations out of management: It is not rational for a chairman to be involved in day-to-day problems that arise in fields, in transportation, and in routine work. So he has delegated his authority to the dispatcher's office. Two well-trained dispatchers working in three shifts run the production with modern equipment. Their decisions in routine matters are final. The management thus reserves for itself the time to concentrate on the policies and the strategy of research and development.

Outline of advanced development directions. This is primarily demanding on information and decision making. Slusovice has six development programs which are divided into separate undertakings. The data for decision-making are prepared in the section of scientific and technological information. They keep up-to-date on all latest scientific developments in all areas pertaining to cooperative's activities. They can almost instantly prepare recommendations which, by the way, take years when developed by established teams in research institutes working by traditional methods. Cooperative members frequently travel to countries where they can obtain new information. [paragraph continues]

The contribution of each trip is evaluated by a technical commission. If the results are found to be unsatisfactory, the employee must pay for the trip from his own pocket. There are up to 15 such cases each year. And trips to agriculturally developed countries are not exactly inexpensive.

The staff decide about everything. In some places they decide about enduring stagnation or failure, in Slusovice about continued high performance. Regularly, every quarter, managers must account for their performances in terms of five indicators: introduction of research and development into practice; management function; implementation of long-term tasks (development programs); achieved economic indicators (increase in production, labor productivity, profitability, and production wage costs); and caring for their subordinates and creating an inspiring life and work environment. Achievements are given points and the result decided not only the wage level in the forthcoming quarter but also, in the case of low scores, the JRD's leadership of the enterprise Communist Party commission may decide to relieve the manager of his duties. Criteria for appointment or release from a function are results in production and in work with people, not formal qualifications.

Individual work areas, cow barns, greenhouses, trucks, tractors, all machinery are in socialist care of the collectives or individuals. An ingenious incentive system gives motivation for optimizing (not minimizing) costs, effort, and maximum economic results. Buildings and equipment must be maintained in reasonable condition and appearance. Members make small repairs and improvements, gain a special relation to their work area, and estrangement from production tools and from work disappears.

Every workplace in the JRD Agrokombinat proves that it is not the technocratic-managerial approach which brings results. It is above all the conscious adjustment of the coop employee's attitude to his work, to the collective, and to entrusted property.

There is no place for bureaucracy here. It may be just a coincidence, but in the rooms of the cooperative I have not seen a single sheet of paper on any of the desks except a computer printout. And by the way, the technological economic information does not flow here only from the bottom upward but also the other way around -- in the spirit of the motto that problems should be properly resolved where they originate. Each manager is equipped not only with authority but also with information.

Perhaps the most questions concern their business goals. It is understandable that the cooperative expects a good economic return from its six ongoing programs. All programs are related to agriculture. An integrated system of growing corn is a complex of highly productive agrobioligical processes which the JRD is ready to share with other cooperatives. If they do not achieve a 20-percent crop increase, they are not charged anything by the JRD and all their expenses are reimbursed. If there is an increase in excess of 20 percent, the Slusovice JRD receives one-half of the difference above 20 percent. Is that not a useful way to obtain a yield from research and development that benefits everyone, especially society at large?

Another ongoing program is breeding high-yield cattle. The transfer and distribution of the embryos is accomplished by using modern world-standard methods. Average milk yield at the JRD is almost 6,000 liters.

The primary agricultural production is augmented by means of extending -- or better, increasing -- the value of this production. For instance, they built a facility for the production of fruit juice. Thus, they process most of the fruit which would normally spoil.

Building a computer assembly resulted from the need for mass data-processing in agricultural production. Great interest in these computers shows that our agriculture needs them. The same is true of agricultural machinery. Endless is the wailing that farmers' needs are considered marginal by machinery producers. Does it not make sense, then, to find a way to make modern machinery -- for example, precision sowing equipment which gives a crop yield increase of as much as 10 percent? The same goes for agrotechnical and agrobiological chemicals which are produced here in large amounts.

Of the overall output, only about 10 percent comes from agricultural activity. But let us consider for a minute that even in developed capitalist countries agriculture is not capable of maintaining itself. The governments shift resources from other branches of the economy and maintain their agriculture with subsidies, tax relief, and direct support. It is the prosperity of the Slusovice JRD Agrokombinat that has enabled it to increase investments and provide for operating costs in the primary production. The result is a yield of 6.7 tons (metric) of grain crops per hectare which, considering this mountainous area, is an unbelievable performance. High cattle yield, comprehensive utilization of production, and direct sales of products to the market -- those are some of the other accomplishments.

And whoever does not believe it, let him take a look. The JRD has an area set aside for visitors. Daily 15-20 buses, mostly farmers, come to familiarize themselves with progressive knowledge in the implementation of development programs as well as with methods of work organization.

Doubters and ill-wishes of Slusovice will not disappear overnight. That's the fate of everything new, but this sort of novelty -- the new economic thinking, relation to work, man, and his needs -- which was born some 25 years ago, will continue to yield its members, its kraj, and the society, the fruits of their labor.

RISKO REPORT TO JOURNALISTS' CONGRESS

AU081317 Bratislava PRAVDA in Slovak 29 Jun 87 p 3

["Excerpts From the Report on the Activities of the Central Committee of the Czechoslovak Journalists Union Since Its Eighth Congress and on the Union's Further Tasks, Submitted by Comrade Jan Risko", Central Committee member, chairman of the Czechoslovak Journalists Union, at the 27 June session of the union's ninth congress in Prague]

[Excerpts] The socialist community has entered a new phase of development, characterized by new dynamics, bold deeds, and vigorous ideas. [passage omitted]

Our tasks would be all the easier if the world were not threatened by the aggressive policy of imperialism. In our journalistic activity we are confronted by escalating psychological aggression unleashed by imperialist forces against the world of socialism. We have been familiar with their methods and intentions for many years. We must cope with their insidious subversion energetically, wisely, and with a high level of intellect and argumentation. It is necessary to turn prompt and offensive counterpropaganda into a vital component of operations in our means of mass information and propaganda.

It will be necessary to devote far greater, more qualified attention to explaining the specific forms in which capitalism's general crisis is currently manifested. The Marxist-Leninist interpretation of these issues is of considerable significance in shaping the correct political stands of our citizens, especially our young generation.

That is why we will also have to query our foreign political news coverage and our journalism in general. Both the new thinking in the international sphere and the new style in the foreign policy of the Soviet Union and the socialist community are forcing us to ask whether our approaches to the coverage of world events really correspond to this new thinking; whether our interpretation of what is happening is truly objective and our analyses sufficiently profound, precise, and informed; whether we do not sometimes succumb to fixed, stereotype cliches which deform the real picture of the present world; and whether we are not contributing toward creating an illusory, and thus also false, picture of this world, on the one hand, while on the other hand casting doubt on our own arguments, and thus on our convincingness, through such activities. [passage omitted]

We can claim that the majority of Czech and Slovak journalists have a good grasp and perception of the real coordinates and contexts of the present under the conditions in the period in which they are operating. I speak of the majority because among us we still have journalists who are incapable of adequately explaining the complicated social, political, and economic processes which confront us. A lot must still be done in our education so as to make each of our members realize that to be a socialist journalist means more than merely to belong to an editorial office or to be a member of the journalists' union. One can be a true socialist journalist solely out of a deep conviction which leads to the resolve to devote all one's strength to socialism.

Another prerequisite for success in the aims and plans of the CPCZ and of socialism in general for the present period lies in the demand contained in Mikhail Gorbachev's well-known statement: more socialism, more democracy. And more democracy in society is unthinkable without all that for us is covered by the term "glasnost" [Russian term used].

A broad flow of information in all spheres of public life gives us a realistic idea of the state of our affairs in various sectors, of the tasks that confront man, the collective, and the country, and of the existing difficulties and shortcomings. It helps us to avoid mistakes and errors and to prevent all kinds of rumors and fabrications, thus disarming hostile propaganda by cutting the ground from under its feet. Open criticism naturally envisages criticism of all negative phenomena which are incompatible with socialist democracy, legality, morality, and discipline. [passage omitted]

We would be deceiving ourselves if we were to claim that the strategy of accelerating economic and social advancement is being implemented smoothly and without problems, and that new thinking is appearing everywhere and leading to deeds now so very necessary. It is important to be aware of this, while at the same time being capable of realizing that the success of our course in socialist construction everywhere, from top to bottom, is decided by man, the active creator. [passage omitted]

We have every right to write about anything we want, but no right to write just anything and in just any way we please. We have no right to give our readers superficial descriptions of external phenomena without a consistent analysis of their causes. We have no right to publish unverified facts, to offend people or give umbrage to their honor and dignity, to write from supercilious positions. Because, in fact, criticism is a sharp weapon and can easily wound.

From time to time we hear people say that one should go easy with criticism in the press; we also hear people urge us to step up criticism. Intentionally or by chance they overlook all that has been achieved in this country during the past 2 decades. Both voices should be rejected. [passage omitted]

Comprehensive information to the population is currently acquiring greater significance. The coverage provided by our press, radio, and television must be further improved; this is the alpha and omega of all our work. He who informs with greater promptness, precision, and arguments acquires decisive advantages. It depends on us whether we will be first and more precise, and prompt. In this way we can nip in the bud all speculations, rumors, slanders, and exaggerated so-called guaranteed truths. These principles also apply to the coverage of events and life in socialist countries. It is of key significance to strengthen the broad and truthful information about all that is happening in the fraternal countries, above all in the Soviet Union, to develop and consolidate socialism. It is our duty to show the countries of the socialist community in their dynamic development, but also with the entire complexity of the problems which they are solving. That is why we must search for new and more efficient forms of journalistic work which would specifically and impressively depict all integration processes and the development of cooperation within the framework of CEMA. [passage omitted]

SEVERAL THOUSAND DRUG ADDICTS REGISTERED

AU081732 Prague MLADA FRONTA (weekend supplement VIKEND No 26) in Czech 4 Jul 87 p 1

[Marcela Pechackova article: "Do Not Call Me a Sniffer"]

[Excerpts] [Passage omitted] We, in the CSSR have succeeded in protecting ourselves against the so-called hard drugs -- against LSD, cocaine, heroin, crack -- almost unbelievably vehemently. But those who wanted to experience the drug have begun illictly manufacturing it. Very simply -- for example, from Alnagon, which contains sufficiently effective and habit-forming substances. For only Kcs3, a drug addict could buy the raw material for one dose in any pharmacy store. As of 5 February 1987 this has no longer been so easy. Alnagon can be sold on medical prescription only. [passage omitted]

For a long time we thought drug addiction would bypass us. For a long time we kept silent about it. Today we have several thousand drug addicts registered, and several dozen of them -- mainly the sniffers -- die every year. [passage omitted]

Drug addiction is a new phenomenon in our society. It still has not reached such dimensions that it would be a mass phenomenon as is the case, for example, with alcohol, but it also is not an isolated phenomenon. [passage omitted]

Let us not succumb to the illusion that we will stamp out drug addiction completely. But we can and must combat it with all means. [passage omitted]

AXEN HOLDS TALKS WITH SPD BUNDESTAG MEMBER

DO72149 East Berlin ADN International Service in German 1544 GMT 7 Jul 87

[Text] Berlin, 7 Jul (ADN) -- Hermann Axen, member of the Politburo and secretary of the SED Central Committee, today received Dr Andreas von Buelow, member of the Bundestag and head of an SPD Executive Committee working group on a structural nonaggression capability in Europe, for a friendly discussion at the Central Committee headquarters. The SPD politician is visiting the GDR at the invitation of the Central Committee.

During the business-like exchange of views on topical questions relating to international politics, the partners in the talks were in agreement in noting that in the nuclear-cosmic age security can no longer be achieved through the arms race, but only in cooperation through security partnership. For this reason a new way of thinking and approach to the questions of disarmament and security between states with different social orders is necessary.

Hermann Axen explained the peace program, which involves all weapon types, and the question of international security proposed by the Berlin summit of the Warsaw Pact states. The GDR places dialogue-oriented activity for peace in the center of its foreign policy. Now, for the first time the historic chance of a start to nuclear disarmament is looming, and everything must be done to make possible an agreement between the USSR and the United States on the double zero option on medium-range missiles in Europe. It would be a significant gain for all who support a stable peace. The GDR favors a gradual zero option on other weapons of mass destruction, observing the principles of equality and equal security.

Andreas von Buelow pointed out that the SPD shares this approach. The SPD supports the fastest possible scrapping of all U.S. and Soviet medium-range missiles in Europe, including the 72 Pershing-1A missiles in the Federal Republic. In this connection he stressed the increasing significance of the joint initiatives made by the SED and the SPD aimed at the creation of a nuclear weapon-free corridor and a chemical weapon-free zone in the center of Europe. They are specific contributions by the two parties to more security in Europe and the world.

Regarding disarmament in the conventional field, both sides called for a drastic reduction in armaments and armed forces, following the principles of equality and equal security, and with strict international control. Disparities in this area should not be eliminated by increases but, as proposed by the Berlin meeting of the Warsaw Pact states, by reductions. Both partners in the talks noted that it is necessary to disarm the nuclear weapons on earth and to prevent the militarization of space.

Both politicians agreed that the common Europe must evolve whereby a war in Europe could and must no longer be feasible. This involves above all renunciation of the concept of "nuclear deterrence" with the option of a nuclear first strike. Adherence to nuclear weapons as a "security guarantee" is proving to be a mask for striving for military superiority and hindering disarmament. Instead of this it is necessary to achieve a radical reduction in military confrontation through negotiations. For this reason the European states and peoples should jointly tackle the creation of a comprehensive system of international security involving the military and political, and also the economic, humanitarian, and cultural spheres. Of particular importance is a halt to all nuclear tests.

The partners in the talks noted that the two German states have, as a result of their historic development and geographical position, not only a particular obligation but also specific opportunities within the alliances to promote a turn away from confrontation to cooperation through practical peace initiatives. In this connection, the partners in the talks welcomed the Warsaw Pact proposal to commence confidence-building consultation with NATO this year on the military doctrines of two alliances. Imbalances in armed forces and arms that have arisen, and ways of eliminating them could be discussed at the same time.

Andreas von Buelow stressed that he supports a restructuring of the armed forces, so they would no longer be capable of territorial acquisitive attacks. The principle of joint security with the maintenance of a defense capability, in the final analysis, could only be ensured through the creation of a structural nonaggression capability on both sides. Thus NATO should constructively assess the offer made by the Warsaw Pact states for talks on the military doctrines.

Taking part in the talk was Guenter Rettner, candidate member of the SED Central Committee, and SED Central Committee departmental head.

In the course of his visit to the GDR, Andreas von Buelow will visit the GDR Institute for International Politics and Economics in Berlin and the Army museum and 'Friedrich Engels' Military Academy in Dresden, and hold talks with academic and military aspects.

DEFENSE MINISTRY EVALUATES CC, PACT SESSIONS

AU061925 East Berlin NEUES DEUTSCHLAND in German 2 Jul 87 p 2

[Text] East Berlin (ADN) -- The Collegium of the Ministry for National Defense and of the Secretariat of the Political Main Administration of the National People's Army on Wednesday [1 July] discussed the tasks which result for the National People's Army and the GDR border troops from the fourth session of the SED Central Committee. The talks were chaired by Army General Heinz Kessler, member of the SED Central Committee Politburo and minister of national defense. Colonel General Horst Bruenner, deputy minister of national defense and chief of the Political Main Administration of the National People's Army, stated in a speech that the report to the Central Committee and the discussions have met with the Army members' and border troops' broad approval. In numerous deeds, competition pledges, as well as renovation and rationalization projects, they expressed their resolve to actively help realize the party policy aimed at the well-being of the people and the safeguarding of peace. The speaker expressed the intention to further proceed purposefully on the path of comprehensive intensification and rationalization. Also in the Armed Forces, the application of key technologies ensures the required performance increase. In this connection he pointed to the growing responsibility of the SED basic organizations. It is a matter of further developing the mass-oriented working style and of increasing the party's influence in all spheres of military life.

The Collegium of the Ministry for National Defense and the Secretariat of the Political Main Administration have drawn comprehensive conclusions from the most recent Warsaw Pact Political Consultative Committee meeting, particularly the document on the military doctrine. Starting from its consistent defensive character, the participants underlined its significance for the further development of the National People's Army as well as for tasks in the political and combat training of today's and future generations. It is an important concern in the ideopolitical work to make every Army member and border troop soldier aware of his peace-political responsibility which he bears at the side of the brothers in arms at the heart of Europe, on the dividing line of the world's two largest military coalitions.

JOINT CSSR ECONOMIC TALKS END, PROTOCOL SIGNED

LD072023 Budapest MTI in English 1714 GMT 7 Jul 87

[Text] Budapest, July 7 (MTI) -- The Hungarian-Czechoslovak economic talks have ended in Budapest with deputy prime ministers Jozsef Marjai and Pavol Hrivnak, co-chairmen of the Hungarian-Czechoslovak committee for Economic, Technical and Scientific Cooperation, signing a protocol.

At the 22nd session of the committee, held in Budapest, the two sides surveyed the implementation of the agreements both aimed at developing economic cooperation and approved during the latest meetings of the highest-ranking leaders of the two fraternal parties and the prime ministers of the two countries, and the fulfillment of the resolutions passed at the last session of the committee. The sides noted with satisfaction that bilateral economic, technical and scientific cooperation was developing as planned, and considerably contributed to the solution of tasks facing the two national economies.

The parties comprehensively surveyed the state of production, cooperation and specialization relations between the enterprises and institutions of the two countries. They welcomed that the number of production cooperations prolonged for the current five-year period (1986-90) has increased to 19, and the qualified Hungarian and Czechoslovak organs are working at extending further cooperation deals, and conclude further agreements on specialization and cooperation in production. The committee decided to accelerate this work, and sign the documents until the end of this year.

Surveying foreign trade turnover, the committee assigned the tasks to the foreign trading organizations and companies that, in the interest of attaining the turnover of 1,700 million roubles envisaged for this year, they should accelerate the conclusion of deals, speed up deliveries, expand turnover, satisfy mutual demand to the fullest extent, and pay special attention to the appropriate scheduling of spare parts supply and the keeping of deadlines.

The parties stated with satisfaction that, after a temporary halt, border trade is again developing dynamically, which well serves the better satisfaction of the needs of the population living on either sides of the border.

At the session the committee approved of the plan of action related to the implementation of the two countries' long-term programme for economic, technical and scientific cooperation until the year 2000, which includes the tasks of the two sides in attaining the aims envisaged in the CMEA comprehensive programme for scientific and technical development.

The committee was informed that the related organizations of the two countries had held consultations on the elaboration of agreements on establishing direct contacts between enterprises and the founding of joint ventures, and took note of the proposal related to the further course of preparing the agreements and the expected date of their signing.

KING OF SPAIN JUAN CARLOS I VISITS 6-8 JULY

Greeted by Nemeth

LD061217 Budapest MTI in English 1115 GMT 6 Jul 87

[Text] Budapest, July 6 (MTI) Juan Carlos I, king of Spain, arrived in Hungary Monday for an official visit, on the invitation of Karoly Nemeth, president of the Presidential Council. The king is accompanied on his visit by Queen Sofia, and Foreign Minister Francisco Fernandez Ordonez.

The high-ranking guests were welcomed at Ferihegy Airport, adorned with the Hungarian and Spanish national flags and banners, by Karoly Nemeth and his wife. Also present were Kalman Docze, Hungarian ambassador to Spain, and Javier Rubio, Spanish ambassador to Hungary. Following the greetings, the guests and their hosts left for Lajos Kossuth Square in front of parliament building, the scene of the welcoming ceremony.

Talks With Sarlos, Grosz

LD062003 Budapest MTI in English 1836 GMT 6 Jul 87

[Text] Budapest, July 6 (MTI) -- Istvan Sarlos, speaker of the Hungarian National Assembly, called on the king of Spain at his residence, the guest house of the Hungarian Government, on Monday. King Juan Carlos I arrived in Hungary on an official visit on Monday. At the talks the high-ranking guest was informed of the role and activity of the Hungarian parliament, the legislative practice of the National Assembly, and issues that are currently in the foreground of parliamentary work. In this context Istvan Sarlos spoke of Hungary's domestic political and economic situation.

The king of Spain was particularly interested in the expected social effects of industrial restructuring and the regrouping of manpower in Hungary. Juan Carlos spoke of the body of experience gained during the modernization of the Spanish economy.

Prime Minister Karoly Grosz also visited Juan Carlos I in the guest house of the government.

In cordial, informal talks the parties assessed the role of the two countries in the system of international economic relations and analysed the effects of international political and economic conditions on the Hungarian and Spanish economies. Answering a question by the king of Spain, Karoly Grosz spoke in detail about the comprehensive economic and social programme which is aimed at solving the current problems of the Hungarian economy. Karoly Grosz stressed that Hungary sought to exploit the advantages stemming from the expansion of international economic relations. In this context he pointed out that Hungary is interested in deepening economic cooperation with Spain.

It was agreed at both meetings that personal contacts between the high-ranking leaders of the two countries served efficiently the development of economic, technical, scientific and cultural relations.

The talks were attended by [Spanish Foreign Minister] Francisco Fernandez Ordonez and Laszlo Kovacs, Hungarian deputy foreign minister. Present were Kalman Docze and Javier Rubio.

Discusses Relations With Nemeth

LD061958 Budapest MTI in English 1601 GMT 6 Jul 87

[Text] Budapest, July 6 (MTI) -- As reported earlier, Karoly Nemeth held talks with the king of Spain in the parliament building.

The two heads of state informed one another of the internal life of their countries. Outlining their positions on the most important international affairs, they stated that both parties are interested in the elimination of nuclear weapons on our continent so that mutual and equal security could be established on the lowest possible level in Europe. In this context both parties emphasized the paramount importance of the CSCE process. Finally, they urged to take further steps to develop relations between the two countries, mainly in the economic field.

Nemeth Hosts Dinner

LD062145 Budapest MTI in English 1924 GMT 6 Jul 87

[Text] Budapest, July 6 (MTI) -- Karoly Nemeth, president of the Hungarian Presidential Council, and his wife gave a gala dinner in honour of King Juan Carlos I of Spain and his wife in the parliament building of Budapest on Monday. At the gala dinner Karoly Nemeth and Juan Carlos I, who arrived on an official visit in Hungary on Monday, delivered a toast.

On behalf of the Presidential Council Karoly Nemeth greeted the high-ranking guest, the first Spanish head of state to visit Hungary. Karoly Nemeth emphasized, among other things: Since the restoration of diplomatic relations tens years ago, Hungarian-Spanish relations have become regular and comprehensive, and firm foundations have been laid down for cooperation in the most important fields of contacts. It provides a favourable opportunity for a further advance that bilateral relations are not burdened by pending problems. Hungary and Spain maintain identical or similar positions on a number of important international issues.

Karoly Nemeth said that he was convinced that Hungarian-Spanish relations in all fields of life offer a lot for utilisation. The itensity of economic contacts is not as developed as the level of economic activities of the two countries. The removal of obstacles from trade and the spreading of modern forms of cooperation would serve the interests of both countries. Further, the expansion of cultural exchange programmes, the further development of technical and scientific cooperation and the fostering and widening of human contacts would enhance the two peoples' respect for one another.

Karoly Nemeth pointed out that some hopeful changes are taking shape in the international relations which are important for both Hungary and Spain. Advances in the talks between the Soviet Union and the United States has made it possible for Europe to get rid of the intermediate and short-range nuclear missiles.

The way the Hungarians see it there is a growing chance for the conclusion of a Soviet-American agreement on a fifty per cent cut on strategic weapons, and hopeful talks are being held in Vienna by the Warsaw Treaty and the NATO member states on the conditions of talks aimed at making considerable cuts on conventional forces and armament in Europe.

The changes of great importance that are taking place in the Soviet Union and other socialist countries, and the related new concept of security policy which is manifest in new proposals of paramount importance provides a chance for a radical turn in international relations. Humankind can get rid once and for all of the threat of nuclear war. Hungary -- which is, due to its conditions, a particularly open country -- is working within its own alliance system, in the international forums and in its bilateral relations to attain these aims. The Hungarian foreign policy is striving for correct partnership and cooperation serving the continuity of East-West dialogue and confidence-building in its relations with the states of diverging social systems as well.

We are confident that the development of Hungarian-Spanish relations are in harmony with this framework. It proves that cooperation between the countries of different social systems and alliance affiliations is not a necessity only, but also a possibility, in the spirit of mutual respect and esteem, on the basis of shared interests and reciprocal advantages, Karoly Nemeth said in conclusion.

In his return toast Juan Carlos I recalled that his visit to Hungary coincided with the 10th anniversary of the restoration of diplomatic relations between the two countries. He welcomed the favourable development of official relations between the two countries, and expressed his hope that they would develop even more successfully, to the benefit of both peoples.

We are well aware of the ceaseless efforts made by Hungary to maintain and encourage dialogue between the great powers and the countries belonging to different alliances and social and political systems, the king said. Detente and understanding between the large political and defence alliances is a pressing necessity for the survival of countries both in Europe and even elsewhere in the world. To help attain these aims is a noble and necessary task which is, from its own political and social points of view, fully assumed by Spain as well.

Juan Carlos stressed in his toast:

The Spanish people, of its free will, has estalished a social and democratic constitutional state as it holds that democracy, as a political system, is the best way to promote the welfare, freedom and just order of national commmunities.

Spain, being a European country and part of the history and culture of this continent since its very beginning, wishes to take part in the initiatives aimed at serving better understanding, unity and integration between the countries of the continent. In the CSCE process, which was started in Helsinki 12 years ago, my country has always firmly declared its intent on understanding all European counties and honestly cooperating with them. Hosting the Madrid follow-up Conference on Security and Cooperation in Europe, we had an even better opportunity to show how deeply we wish to have a sincere dialogue based on mutual respect, in the interest of the consolidation of all-European detente and cooperation.

All the events that our countries played an outstanding role in are related to the present, the time when we may take a look ahead with growing hope and tranquility of the future, for which we all must undoubtfully assume responsibility, Juan Carlos said in conclusion.

Foreign Ministers Hold Talks

LD072034 Budapest MTI in English 1727 GMT 7 Jul 87

[Text] Budapest, July 7 (MTI) -- Foreign Minister Peter Varkonyi of Hungary held separate talks with his Spanish counterpart Francisco Fernandez Ordonez, who is staying in Budapest as a member of the delegation headed by King Juan Carlos I. The politicians surveyed the topical issues of bilateral relations, with special attention to the necessity of developing economic and commercial cooperation. The two foreign ministers exchanged views on the most important international affairs, first of all on the Vienna follow-up conference, the furtherance of the CSCE process, arms limitation, and the role that the European countries are playing in them.

Meets With Kadar

LD071245 Budapest MTI in English 1050 GMT 7 Jul 87

[Text] Budapest, July 7 (MTI) -- At noon Tuesday Janos Kadar, general secretary of the HSWP, met Juan Carlos the first, king of Spain, in the building of parliament. In the course of the talks held in a cordial atmosphere it was stated that Hungarian-Spanish relations are settled and that there are opportunities for multifaceted further advancement. It was stressed that expanding relations between the two countries of differing social systems contributes not only to better understanding of the two peoples but also to promoting the cause of peace and security in Europe, the strengthening the atmosphere of detente, and positive international processes.

Present at the talks were Karoly Nemeth, president of the Presidential Council, and foreign ministers Peter Varkonyi of Hungary and Francisco Fernandez Ordonez of Spain.

Concludes Visit, Departs

LD081252 Budapest MTI in English 1106 GMT 8 Jul 87

[Text] Budapest, July 8 (MTI) -- Juan Carlos I, King of Spain, concluded his visit to Hungary on Wednesday morning and left Budapest. The Spanish sovereign paid a visit to Hungary on the invitation of Karoly Nemeth, president of the Presidential Council.

Early in the morning Juan Carlos and Queen Sofia viewed the paintings of the famous Spanish collection of the Museum of Fine Arts. Following the visit to the museum, the royal couple were seen off with military honours, in the Lajos Kossuth Square adorned with banners. Present at the ceremony were Rezso Trautmann, vice-President of the Presidential Council, Istvan Sarlos, speaker of Parliament, Jozsef Marjai, deputy chairman of the Council of Ministers, ministers Peter Varkonyi of foreign trade, Zoltan Juhar of internal trade, Laszlo Kapolyi of Industry, Imre Markoja of Justice, Pal Ivanyi, president of the Municipal Council of Budapest, and other leading representatives of Hungarian political, state and social life.

Juan Carlos the first, accompanied by Queen Sofia and Karoly Nemeth, received the report of the commander of the guard of honour, and following the Hungarian and Spanish national anthems, the king inspected the soldiers. Guests and hosts said goodbye to the Spanish and Hungarian personalities present for the ceremony, and the representatives of the diplomatic corps in Budapest. The ceremony ended with the military parade march. Following, the king and attending party left for the airport.

At the airport adorned with Hungarian and Spanish national banners, Karoly Nemeth and his wife said goodbye to the royal couple. Present were Docze Kalman, Hungarian ambassasdor to Spain, Javier Rubio, Spanish ambassador, and Ondrej Durej, Czechoslovak ambassador to Hungary.

The special plane of the Spanish sovereign left for Czechoslovakia a few minutes after eleven.

OFFICIAL COMMENTS ON NUCLEAR PROGRAM, SECURITY

AU081544 Budapest MAGYAR HIRLAP in Hungarian 3 Jul 87 p 5

[Interview with Dr Tibor Szabo Laczai, head advisor at the Industry Ministry, by Erika Zador: "Nuclear Energy and Secuirty" -- date and place not given]

[Text] At its latest meeting, the Council of Ministers discussed and approved a research and development program aimed at developing nuclear energy and making its application safe. In connection with this program, we interviewed Dr Tibor Szabo Laczai.

[Zador] Why has the current Council of Ministers decision supplemented the national medium-range research and development plan with a new program?

[Laczai] In terms of content, this is not a new program. The law on nuclear energy adopted in 1980 also stipulated the special importance of the research and development activity connected with the safety of nuclear power stations. Also taking this into consideration, a national program was in operation in the Sixth 5-Year Plan which summed up the high-level and internationally acknowledged research activities connected with nuclear energy, the safety of nuclear power stations, and other related areas and activities that had also been going on previously. This program was part of the national medium-range research and development plan between 1980 and 1985. As of 1985, it functioned as an interministerial program maintained by state-level bodies interested in research. Together with other tasks, this interministerial program has now again become part of the national research and development project.

[Zador] Is it not due to the consequences of the Chernobyl accident that this subject has again come to the forefront?

[Laczai] The accident has aroused the attention of both the experts and public opinion, and this has also played a role in the emergence of this current Council of Ministers decided. The special attention given to the issue of nuclear energy, however, is also justified by other factors that are not connected with the Chernobyl accident. As is well known, the nuclear power station at Paks already has three blocks in operation and is currently providing about one-third of domestically produced energy. It is also well known that this station will expand by a further two blocks of 1,000 megawatts each, and preparations are underway for outlining the location of another plant with four blocks, each with a capacity of 1,000 megawatts. No doubt, the implementation of such large-scale concepts demands of concentration of the country's intellectual forces and the coordination of activity.

[Zador] Following the operating problems at the Three Mile Island plant and the Chernobyl accident, nuclear power stations are not too popular nowadays. What would be an alternative solution for Hungary?

[Laczai] Very-low-calorie lignite can be excavated at the surface mines of Bukkabrany. However, economic calculations showed that energy produced by nuclear power stations is approximately 15 percent cheaper, and nuclear power stations cause less pollution than burning lignite....

[Zador] That is true of normal operations, but what if operational problems emerge....

[Laczai] The technical, safety and other measures aimed at preventing operational problems are much more comprehensive in this sector than in any other industrial sector. In addition to this, the safety concept, which contains the requirements for the safe operation of nuclear power stations, is also being perfected. Any operational problem, no matter how insignificant and no matter where it happens, has an effect on the other nuclear power stations too; thus the worldwide flow of information between nuclear power stations all over the world is increasingly improving. As a result of the measures taken on the basis of this flow of information, nuclear power stations have become even more safe to operate. One of the points of the recently discussed program is to further increase this operational safety. I would like to stress, however, that this activity is necessary, not because the current safety procedures are inadequate. On the contrary, as I have mentioned before, according to statistics the risk to human life by nuclear generation of electric power is considerably lower than the risk of other conventional methods of electric power generation. But the risk factor is not zero, and so it is possible to continue work aimed at further increasing the safety factor that has also been of a high standard so far.

[Zador] What other points does this program have?

[Laczai] The other points in the program are as follows: working out the optimal operation of active blocks; issues related to the above-mentioned new nuclear power plants; development of machine production for nuclear energy participation in the CEMA comprehensive program; increasing radiation safety and operational safety; and, last but not least, providing objective information to the public.

[Zador] In connection with the last issue, let me ask you a few questions concerning public opinion. What, for example, will be the fate of the burned-out binding elements at Paks nuclear power station?

[Laczai] In accordance with the agreements, following 5 years of local storage due to technical reasons, the Soviet side will take them back for processing. Until then, however, these materials will "cool down" in Paks in order to reach temperature and radiation levels that will permit their safe transportation.

[Zador] Where do you plan to construct the new nuclear power plant?

[Laczai] There is no final decision on the subject yet, but it will probably be located somewhere on the upper reaches of the Tisza river. The river has an adequate water output for the operation of a recooling plant, ground conditions are adequate, and the possibilities of earthquakes in the area are low.

[Zador] Do you know the feelings of the population in Paks toward the nuclear power plant operating in their neighborhood?

[Laczai] It is easy to answer this question. The majority of the population make livings from the nuclear power station, and live quite well for that matter. [paragraph continues]

The town itself is also developing at a tremendous pace thanks to the nuclear power station. And something that is also very important: The people who trust the plant they operate are experts. Anyone who would like to persuade them to demonstrate against the nuclear power plant would definitely have a difficult task to fulfill.

[Zador] And what is the situation concerning the planned nuclear power stations?

[Laczai] When a final decision is reached on the exact location of these plants we will inform public opinion and will try to arrive at solutions which take into consideration the just interests of the people involved.

BORSOD-ABAUJ-ZEMPLEN COUNTY OFFICIAL REPLACED

LD082154 Budapest Domestic Service in Hungarian 1630 GMT 8 Jul 87

[Text] The Borsod-Abauj-Zemplen County Committee of the MSZMP held a session today. The session, which was attended and addressed by Janos Berecz, member of the Politburo and secretary of the Central Committee, decided on a personnel matter. The body unanimously elected Jozsef Dudla first secretary of the county party committee. As has already been reported, the previous first secretary, Gyoergy Fejti, is performing the duties of secretary of the Central Committee.

Jozsef Dudla was born in 1938 in Hejoebaba, Borsod County. He comes from a working-class family. He began his career as a skilled worker at the Lenin Metallurgy works of Diosgyoer, later becoming a factory foreman. He was then KISZ secretary of the large enterprise and later became first secretary of the county KISZ committee. Since 1982 he has been first secretary of the Miskolc City Party Committee. He is a National Assembly Deputy and secretary of the National Assembly's Industry Committee.

BRIEFS

CHAMBER OF COMMERCE NAME -- Budapest, July 7 (MTI) -- The name of the Hungarian Chamber of Commerce will be changed to Hungarian Economic Chamber this year. Amendment was recently initiated of the No. 11 Statutory Rule of 1985 on the chamber. The change in name will probably come into force this year, on the basis of a decision by the Presidential Council. [Excerpt] [Budapest MTI in English 1325 GMT 7 Jul 87 LD]

AMBASSADOR TO ALGERIA -- Budapest, June 23 (MTI) -- Zoltan Zsigmond, the new ambassador of Hungary to Algeria, has presented his credentials to Chadli Bendjedid, president of the Republic. [Text] [Budapest MTI in English 2045 GMT 23 Jun 87 LD]

ROMANIA'S CEAUSESCU ARRIVES FOR WORKING VISIT

LD091014 PAP in English 0324 GMT 9 Jul 87

[Text] Warsaw, July 9 -- General Secretary of the Romanian Communist Party and President of the Socialist Republic of Romania Nicolae Ceausescu arrived here today on a working friendly visit at the invitation from First Secretary of the PUWP CC and President of the Council of State Wojciech Jaruzelski.

WOZNIAK DISCUSSES SOVIET ECONOMIC REFORM

LD081845 Warsaw Television Service in Polish 2045 GMT 7 July 87

[Interview with Politburo Member Marian Wozniak by commentator Marek Tumanowicz; date and place not given; recorded]

[Text] [Tumanowicz] A party and economic delegation, led by Marian Wozniak, stayed in Moscow. As more and more lively interest is observed in Poland in the transformation taking place in the Soviet Union, I asked him for a few reflections:

We know that this was a 1-day visit and that it was very much a working visit. Can you expand on this?

[Wozniak] Our visit was in connection with the June plenum that recently took place in the Soviet Union and was devoted to the fundamental elements of transformation in the system of management of the national economy. The plenum was preceded by a conference attended by all of the most important directors, economic activists, and political activists. This means this was an extremely significant event -- as I can confirm fully here -- and the issue is the radical reconstruction of the system of running of the national economy. Our working visit, at the invitation of the CPSU Central Committee, gave us the chance to talk to the people who have a significant influence on the course of reforming the state.

One can say that this is a comprehensive program of reconstruction that is so fundamental that some time is needed so that we can study it in full. This will be reflected in 15 documents that will be, more or less, of the same importance as the first one that has just been published -- the Law on Enterprises. These documents will be passed during the year so that by the end of the coming year the whole economy of the Soviet Union and all the enterprises will transfer to the new system.

One can say -- but obviously it is difficult to discuss the details -- that the heart of the matter is that the aim is to have an enterprise which, just as in Poland, becomes the main link of the economic development, and to introduce economic [as heard] conditions to enterprises so that the economic activities of enterprises, economic behavior, economically rational, would give enterprises some benefits and a chance to develop. And this will depend of course on the technological progress. Here the Soviet comrades have, I would say, accomplished enormous achievements, and I would say that as regards the model they have set, perhaps an even tougher standard than in Poland.

In addition, there is the matter of lowering costs and, of course, demand for what a given enterprise produces. I would like to stress here, in view of this, that this is -- as in Poland, for these similarities create easier possibilities of understanding -- a stress on the enterprise, on its, so to speak, economic behavior, but also a fundamental rebuilding of the structures of the economy, including the prices structure, the departmental structure. One can say that here, as with the whole reform, which is going exceptionally energetically and is a real revolution both in people's awareness and in the behavior of enterprises, here in the economic structures the Soviet comrades are taking a determined and brave course.

The same, I would say, model or way of acting which is presented for enterprises, which have to struggle for their place in the market, have to prove that they are needed, this same system is applied to local structures -- that is, to voivodships or federations or republics. I can tell you something of interest, but something that is in a certain way important for those concerned with management problems: In the Soviet Union, in the republics, ministries of construction have only just been introduced, but the All-Union Ministry of Construction has been done away with, on the other hand.

This shows an understanding that certain matters are resolved first and foremost at the bottom; and what could be said -- and this was reflected at the plenum, in the materials in Poland -- is that there is a very active search for interesting solutions as regards agriculture. For instance, the Soviet comrades show examples where, on state farms, a part of the land is partitioned for a certain group of employees or for families, which undertake definite tasks on that land on the basis of an agreement with the (?state farm) and these tasks are implemented in such a way that, if there is rapid development there, this may even be shocking to the rest of the employees, who then earn considerably less; but this is linked here to an enormous result.

This result shows that looking for varied forms would seem -- with these structures, which no longer give anything else -- to give the chance for great development of agricultural production. This gives the chance for people to have very sizable wages. This even, sometimes, causes a conflict between those who have, as it is said, their hands in their pockets, and here are the others earning -- and why. [as heard]

And this is, I think, the essence of the reform. But this is something more important, broader I think; it is the negation of this false theory that a socialist state will do everything for its citizen. However, such a theory -- irrespective of how verifiable [sprawdzalna] it was -- causes a drop in individual activity because the individual thinks that nothing depends on him, that the state will provide, whereas things do depend on human beings.

I think that the reforms in the Soviet Union, in Poland, and in many other countries are a look at human beings, to search for chances for them, in the conditions the socialist system creates, production relations, giving chances to individual people, to teams of people, to enterprises, and one can say, that in a sense this is a renaissance of socialism, and it gives great chances to not only young people but also active and creative people. It (does not negate?) this primitive attitude that we all have the same stomachs, but we have different heads and different hands to work and the point is for them to seve us and each one of us individually and the whole society.

[Tumanowicz] Thank you very much.

SADOWSKI GIVES ECONOMIC NEWS CONFERENCE 3 JUNE

Part One

AU181001 Warsaw RZECZPOSPOLITA in Polish 11 Jun 87 p 4

[Press conference for foreign and Polish journalists devoted to the second stage of the economic reform given by Deputy Premier Zdzislaw Sadowski at the Interpress Press Center in Warsaw on 3 June; part one]

[Text] Jackson Diehl, THE WASHINGTON POST: Reports summing up the recent session of the Economic Commission state that much criticism was voiced about certain essential changes in economic policy not taking place until 1990; one cannot expect these changes to take place before then. However, one can expect the current phase of the second stage of the economic reform to consist solely of correcting existing mechanisms and effecting market equilibrium. In view of this, I would like to ask if you think that this approach is correct. If so, what steps might be taken, or would some steps be taken earlier, with a view to effecting a fundamental change in economy before the year 1990?

Sadowski: The criticism you spoke about was very justified. It concerned the first version of the theses on the second stage of the economic reform. The first version really did contain some very unfortunate formulations that suggested a great many matters would be put off until after 1990. This criticism was very right, I go along with it, and I voiced such critical views myself. I totally disagree with postponing change. The essence of the reform's second stage consists of effecting change as quickly as possible. Some changes are already being implemented -- the Sejm is currently considering a draft law on innovation companies that is a very important element of the program. I hope it will be passed before the summer recess. It is, as I have said, a key element in developing enterprise in our country; thus, it is an essential part of the program for the second stage of the reform.

Currently, work on completing an implementation program is still going on. The published theses do not contain an implementation program and were submitted as discussion proposals. The implementation program will be ready in 2 to 3 months so that the changes covered by the program can come into effect at the beginning of next year. However, I would like you to ask about concrete changes once again when the implementation program has been completed. I will gladly be of service in 3 months time.

Christopher Bobinski, FINANCIAL TIMES: In the latest edition of ZYCIE GOSPODARCZY Professor Mieszczankowski notes that, to introduce the ideas contained in the second stage of the reform, changes would have to be made to the 5-year plan passed 2 years ago and the one being implemented. I would like to know what you think about this?

Sadowski: No, I do not think it would be right to put things this way. First, the 5-year plan contains a whole series of proposals that have been announced and are also being used to formulate the program of the reform's second stage. However, I would say the following: If we manage to fully or even largely realize the intentions that have been and are being formulated, then the 5-year plan could be changed for the better -- that is to say, it may turn out that we will be able to do more in certain areas than was envisaged by the plan. But everyone would like changes of this sort. Thus, there is no reason to the 5-year plan now.

Jerzy Gonczarski, EXPRESS WIECZORNY: Mr Premier, could you describe the main complaints about the theses concerning the second stage of the reform?

Sadowski: This is not an easy question, but I will try. These complaints start with reservations about the theses lacking cohesion. I believe these complaints are justified to some extent. However, there were no ambitions of this kind behind the theses; it was not meant to be a completely cohesive program document. The theses are a series of proposals submitted for public discussion and not an implementation program. If a charge of this kind were to be leveled at an implementation program (and such a program will appear), then that would be a very serious matter. But I hope the program will not earn such comments. That is one element in the general criticism. It is also charged that the intentions contained in the theses are not far-reaching enough with regard to prospects for improving or reviving Polish foreign trade, raising it to a higher level, that is, increasing Poland's role in the international division of labor. Of course, if a charge of this kind is made, then it has to be carefully examined, because I do not exclude the possibility that what has been written about this subject may turn out to be inadequate. The purpose of public discussion is to gather together all proposals that may prove more suitable and more effective. Therefore, I do not reject any deductive criticism.

Criticism has also been directed at the general outlines of prices and incomes policy. This is natural, there are fears of a possible increase in prices and the consequences that this would have for living costs. This criticism was made by the trade unions, for example. It is a very difficult matter. If someone criticizes this -- and this does happen -- charging that the government intends to attain economic equilibrium exclusively with the help of prices, then I can clearly state that this is not the government's intention at all. In its entirety, the program is above all geared to achieve economic growth, higher output -- that is, an increase in the supply of consumer goods -- and an efficient and profitable supply -- not supply of every kind, but a profitable supply. All this is the intention behind the solutions.

On the other hand, when analyzing the economy it is clear that further price adjustments will have to be made because Poland is experiencing an inflationary process and it will not be possible to completely prevent a growth in prices solely by using artificial methods. Government policy is aimed at gradually reducing inflation and we are not the first to find this difficult to achieve. Today we hoped to find the inflation level is lower than it is in reality, that it would be 12 percent and not 18 percent. So far we have not managed to achieve this. We hope the series of measures we are currently proposing will help to arrest inflation, but this cannot be accomplished overnight. Thus, there is absolutely no basis for the charge that the government intends to achieve market equilibrium exclusively by way of prices, and it does not strike at the heart of the matter.

These are the main criticisms I can recall from memory. I can also say that there is a great deal of support for the general direction represented by the theses. As we know, there are many things represented in the theses as options, so we are gathering opinions on the support expressed for the various options described in the theses. However, there is very clear approval for the general direction of policy. Even as far as trade unions are concerned, discussion between the government and this community are always difficult by the very nature of things, we note a clear convergence with regard to intentions and the elements contained in the government policy alongside the reservations I have mentioned.

Tadeus Kucharski, TIME magazine: I have several questions. Referring to foreign trade, last week PRZEGLAD TYGODNIOWY published an open letter from the chairman of the Council of Ministers on the subject of the foreign trade situation. Could you give us your position on the subject of this letter? Next, the latest edition of PRZEGLAD TYGODNIOWY, this week's edition, published an article entitled" Clipping Wings," which discussed the history of a foreign company called "Konspol" and the methods used by the combined forces of the Nowy Sacz Voivodship authorities and the Ministry of Finance to prevent the firm from producing very necessary and useful output. I would like to ask how you see this behavior in relations to reform slogans. Does the government intend to do anything concrete in this case? I realize that you might not be familiar with this information; I would nevertheless be pleased to receive a reply at some convenient later date because it seems to me that the future of "Konspol" will be a kind of test of the real intentions of the authorities with regard to foreign firms and the investment of foreign capital.

And my final question: As part of the reform process does the government intend to simplify formalities connected with the establishment of companies with foreign capital? As far as I know, at the present time, for example, a "feasibility study" is required at the time of registration, and this is conducted in accordance with criteria that have been drawn up for Third World countries. A "feasibility study" of this kind is a very important factor for somebody who is investing his capital because it enables him to determine the risk he is taking. I do not understand why it is needed by a ministry official or an official in an office registering a firm of this kind.

Sadowski: As far as the open letter published by PRZEGLAD TYGODNIOWY is concerned, I do not have any right to express a view on behalf of the letter's author, namely the chairman of the Council of Ministers. However, I will gladly express my opinion as a reader of PRZEGLAD TYGODNIOWY. The letter expresses concern about the state of Polish foreign trade and about institutional solutions that could help promote Polish exports. Thus, it expresses concern that is completely shared by all of us, and we are making intensive efforts to effect changes to serve this goal. Thus, every proposal concerning this field that is submitted will be viewed favorably and it will be employed as much as is possible; however, it must be realistic, that is, it must be suited to the actual conditions in which we operate. Second, the open letter, which I examined carefully, enumerates the fields that have to be dealt with, and I have no complaints about that. I can only add that a series of these fields are already the subject of far advanced program work concerning what I have called the implementation program for the second stage of the reform.

On the other hand, the only proposal in that open letter concerns setting up a nongovernmental team of experts to draw up the necessary suggestions within 2 months. I am a little surprised that this proposal was made to the premier because I do not see even a shadow of an obstacle to having set up one or several such teams a long time ago to work out and even submit the necessary proposals. if anyone had addressed me on this, as chairman of the Polish Economic Society, I would have appointed such a team a long time ago. But my friend Professor Waclaw Wilczynski who signed that letter chairs the Polish Economic Society's commission for economic reform, and there is no reason whatsoever why he could not have set up such a team within his commission or outside of it. In view of this, I fail to understand the proposal in question. This is all I have to say about that open letter. We hope to receive specific proposals during these 2 months.

As for "Konspol," I really know of no details and cannot say anything, but I will gladly tell you about the results of the analysis that is going to be carried out for me. I had asked for it before that article was published by PRZEGLAD TYGODNIOWY. You see, I heard for the first time about that issue from the television newscast. If it is true that cases of "hamstringing" do occur, then they certainly conflict with the general intentions of our actions and must be terminated. But I cannot say in advance that this is true because every case must be examined on its merits. I cannot give any verdict because I do not know the true facts.

In addition, I think we should not commit the error of using an individual case as a yardstick of the government's attitude toward foreign firms. The truth is that we want them to develop and we want more of them as companies with a share of foreign capital. We are ready for and will back this line. On the other hand, I cannot guarantee -- I do not address this to "Konspol," please note -- that various firms will not perform badly or out of tune with what we expect of them. This means that there may be individual cases of bad performance. I cannot say whether "Konspol" is such a case. What I learned from television shocked me, too, and that is why I at once asked for the necessary information to be sent to me as soon as possible.

The third issue is about our intention to simplify the establishment of foreign companies and about the "feasibility study." I must say that this is done by officials but, generally speaking, I defend the idea of some "feasibility study" because in such cases these officials represent the partner of foreign companies, and the partner of the state treasury. This means these officials are appointed to determine the share of public capital in such companies. It is precisely such a situation that helps to fulfill the condition referred to by Mr Kucharski. Other measures we are trying to implement are meant to fully simplify these procedures because we are perfectly aware that all red-tape delays in registering the companies in question hinder their development. I cannot say this may never happen.

There are more issues than just the "feasibility study." Personally, I consider it the least important issue because it depends on the range and nature of such study. It would be nonsense if anyone expected every small company to provide an extremely profound analysis. On the other hand, there exist some red-tape hurdles that may delay individual cases of negotiations to set up a company. We want to do away with this because it is clear that negotiations about concrete projects -- there are too many such projects in the pipeline and others continue coming in -- cannot take too long because lengthy negotiations may thwart the whole business. We are most determined to simplify these procedures as soon as possible.

Peter Johnsson, GOETEBORGS POSTEN: I have heard what you have said, that the government does not want to control the economy by price hikes, but let me observe that the continued shortages of consumer goods in Poland cannot be eliminated and balance cannot be reestablished without drastic price hikes. But price hikes will lower the incomes and living conditions of large sections of society. I think this is the key issue of realizing the theses about which you have spoken. I am interested in how the government and the commission evaluate the meetings in plants. How far do people accept the new measures? What can the government and the Economic Commission do or what are they doing to convince the people that such and other measures are necessary if their program is to be realized?

Sadowski: First, I wish to stress that our main goal is to employ a set of measures that would eliminate the present surplus of demand over supply in the Polish market. [paragraph continues]

These measures mean increasing the supply, and in that way we emphasize all forms of enterprising drive and development in all sectors of the economy. This is because we think -- my own experience prompts me to believe in this -- that, even under conditions of large-scale material restrictions, innovative and enterprising drive can achieve a great deal in increasing supply. This is our primary and basic goal.

As I have already said, we cannot avoid price hikes because we are in the midst of inflation -- that is, we are facing living cost increases and the necessary wage adjustments. I would like to really stress that in this regard we must not fall prey to the fascination of the real wage statistical index because this index gives a false impression. A profound drop in real wages and real incomes occurred during the 1979-82 crisis because of a drop in production and an enormous drop in supply. This drop was not expressed in terms of statistics because prices were not adjusted.

Eliminating goods shortages and balancing demand and supply -- that is, increasing the flow of goods -- help to improve living conditions, although the statistical index of real incomes can show something else. This is extremely important and should be borne in mind.

But this is not all. It is obvious that our planned changes -- transforming our economic structure by eliminating chronically bad policies and plants -- are bound to produce negative results for the groups of people associated with such plants. The main motive of our program is to immediately and automatically create conditions for raising the real incomes of all those actively responsible for increasing supply. This is possible and feasible. At the same time, groups of people and workers unable to do this and work badly cannot profit by these improvements. That is why the only thing we can promise them is that our program creates full opportunities for them to implement it. We are no longer ready to tolerate the unfortunate situation that automatically enables everyone to take advantage of our economic achievements, regardless of their personal contributions toward production.

Of course, here I do not have in mind the social benefits for people who are unable to work. These people enjoy very extensive state care in our country, and we do not intend to eliminate this care. I have in mind those people who are able to work but fail to develop the necessary production discipline.

My answer seeks to explain that some sections of our people will really face worse conditions. They are the people who want to take passive advantage of what we do but refuse to help implement the program to improve effectiveness. But they could commit themselves, and this is their chance.

One more thing: I was asked about plant meetings on this program. I must say that, as a rule, workers always tell me that they are for the policy I have just explained and that it is necessary to take measures that promote good work organization and eliminate bad workers. On the other hand, it is quite in line with human nature that people resent losing something they have once acquired. I want to say that is why I do not hope for support from those people who see themselves directly threatened by the program.

My impression is that, generally speaking, workers do support the issue of motivation. But there is a crucial element that comes to the fore, especially when specific political principles have to be formulated. Our experience is that, even if we announce and discuss a program much in advance and obtain social approval for it, as soon as we come to implement it people begin to withdraw their approval in the face of the tangible results of our work. [paragraph continues]

Of course, no sensible person will formulate economic policy exclusively on the strength of economic premises. It is necessary to consider social and political premises, which are restrictive factors. The policy of prices and incomes has many alternatives. You can opt for more rapid or slower cuts in food subsidies, but more rapid cuts would certainly make it easier to cross the threshold of social tolerance.

I agree with you that all these problems are most difficult because of the need to make allowances for all the elements I have mentioned. Concrete solutions in this respect are about to be completed and, as always, we will try to subject them to public discussion that should select the best alternatives. The nature of the alternatives is that you can gain more if you sacrifice more and gain less if you sacrifice less.

Bernard Margueritte, OUEST-FRANCE: I have a few questions. First, the ZYCIE GOSPODARCZE article my colleague Diehl mentioned also says that the second chapter of the first draft of the economic reform theses discussing what ought to be done is 70 pages long, whereas the third chapter discussing how it ought to be done is only 5 pages long. In view of this, is there any hope of a real move away from declarations, because everyone knows what ought to be done but not how to do it?

Second, where do you view the greatest obstacles to the reform? In a certain reluctance by some members of the party and state apparatus? Or in the attitudes of some people whereby a person supports the reform as long as the costs of it come out of someone else's pocket and not his own, and as long as egalitarianism and the protective function of the state is preserved? Or in the economic crisis situation that leaves very little maneuvering space?

Third, do you not think it would be useful to hold a referendum on whether to accept the first variant of the reform, the slower variant, whereby the economic stagnation would continue for another 10 years, but not very painfully? Or the second variant, a slightly quicker one, whereby the stagnation would continue for 3-4 years, but this time very painfully, and would lead to economic equilibrium in a short time? If such a referendum were to take place, what do you think its result would be?

Finally, there was a very interesting article by the Hungarian economist Kornai in POLITYKA 2 weeks ago, saying that the new economic mechanism in Hungary is facing very serious problems, and suggesting an entire series of further reforms or steps. But in the end, Kornai asks whether such steps would be compatible with the system in force, and replies that as a citizen he hopes so, that as an adviser to the authorities he will push the authorities in this direction, and that as a scholar he cannot fail to have his doubts. Do you, perhaps not as a deputy premier, but as an economist, also have such doubts?

Sadowski: To reply to the first question about many pages being devoted to the question "what" and not many to the question "how," the question "what" has to be answered before one can answer the question "how." I must say that when one journalist here asked me what kind of criticism is to be heard, I did not mention one piece of criticism often repeated, whereby there is not enough talk about where we want to get and what the end result is like. This means that the question "what" still does not call sufficiently clear ideas to people's minds. On the other hand, the qeustion "how" is indeed difficult to answer, because it involves the problem of going into increasingly greater detail. And not even all the details can be presented because to do so would involve writing entire volumes.

In any case, there was no intention of presenting any programs on implementing the reform in the "theses." The intention was to portray certain strategic principles that are controversial in many respects, and that is why we wanted a stage of discussion on these subjects. We are now going through this stage. I think we are doing so with good results because these discussions are very useful and have even led to an increased amount of interest in these matters. That is good.

On the other hand, one can answer the question "how" in two parts. The first part, right now an exceedingly important and urgent one, is what I called a program of implementing the reform, which means formulating all the practical measures we consider still capable of being implemented this year, so that we can start the new year with a clear economic situation. Unfortunately, economists are very well aware that the list of things that bring rapid results is usually short. Everything we can do is bound to be put in writing.

There is another group of topics, which also answers the question "how." They are a list of activities which must be started quickly, but which will not provide quick results. They include strengthening the zloty. A program for doing so exists. It will be developed further. Although this is an important issue, it is not the only one. And, of course, there are areas we know will require several years of work, including legislative work. For there are still legislative loopholes, even though we have done a lot. In view of this, a reply to the question "how" in respect to these topics will be deliberately protracted in time. So we see that there are various degrees of priorities. At present, we are concentrating on the first group of topics.

Where do I see the greatest obstacles to implementing the reform? I have no doubt that the number one obstacle lies in the country's economic situation, especially on an external level -- in other words, the situation with Poland's payments. This situation is very unfavorable, it is curbing our export drive because it makes a rapid development of production impossible. In this situation we still cannot guarantee constant supplies for our industrial output because of a shortage of imports from the Western countries. We are burdened with what for us is high interest on our debts, which cuts a major slice out of our exports income. We spend an annual $2 billion on servicing our debts, which means that we have $2 billion less to spend on imports. If we add to this the fact that we still have to pay in cash for 90 percent of our Western imports, then we have an absolutely abnormal situation at the end of the 20th century, and one which is continuing.

We can see what makes our situation really difficult. This is certainly the number one factor requiring action from us. This action is being undertaken. The effectiveness and credibility of the very reform program itself is an argument in favor of improving the situation. But it is also a fact that this improvement process is very sluggish, and so it acts as a constant brake.

Of course our economic difficulties are also caused by internal factors, such as internal imbalance, especially inflation, which is a very serious burden because it causes social weariness. Perhaps Poland's inflation is child's play compared with that in some other countries, notably in Latin America, but it is not child's play to the Poles. For them this 18 percent inflation per year is a very big factor right now. And the fact that it has already existed for quite a long time is causing social weariness and apathy in various strata of society. Thus, it is a very unfavorable factor, which it is not easy to get rid of because of the first factor. One must remember that Poland lived beyond its means, which means that it did not have the burden of servicing its debts but, on the contrary, ran up debts and the situation only seemed to improve.

For people who are not interested in what is going on behind the economic scenes nothing makes any difference. They realize that there was an improvement then, but there is no improvement now, or if there is one, it is very slow. But the fact is that the improvement that occurred in the seventies was caused by an increase in debts, and not only were these debts not serviced, quite the contrary -- there was an increasing surplus of imports over exports. Now the situation is completely the opposite, and has been so for many years. Our debts are very serious. They are affecting literally all aspects of life in Poland. When we reach the verge of a successful end to the negotiations with our creditors on a program of servicing Poland's long-term debts, our own conditions of action will improve on the spot, and we will be in a position to accelerate all other improvement processes.

One must remember that our reform has lasted 5 years already and that all the negative factors and delays accompanying it have been accurately identified. I have been involved in the reform myself, so I can remember everything. The analyses we have been performing all these years are unanimous, and one can say that our strength is that we have identified all these obstacles and can formulate ways to remove them. But not all of them can be removed by means of our strength and desire alone.

Of course, apart from these factors of an objective nature, there are also those built into our social and sociopolitical system -- for example, the administrative system, which is so full of bureaucracy. This must act as a burden, and not only a direct burden. It would be a mistake to blame this solely on administrative bodies and the people employed in them. Of course, these negative trends exist inside people, and I have already furnished examples of legal interpretations that hamper the introduction of new undertakings. But they also occur elsewhere. They occur everywhere because people everywhere are accustoned to certain actions, to a certain lack of action, to a lack of initiative, to looking to see what others are doing. For example, it is exceedingly difficult to introduce in Poland what is normal fare for workers in Western countries -- namely, the fact that the enterprise's wage potential depends on its own economic results, and that one should not look to the government in this matter because how much an enterprise may allocate to wages is not the government's business. In Poland, however, we are accustomed to different things and we have to transform our habits gradually.

There are also other, deeper habits based on a certain suspicion that the incomes of high wage earners come from socially harmful sources, in other words from speculation and parasitism. In the meantime, it is clear that whenever we speak of enterprise and its development, we must say at the same time that activity which is much needed by and useful to society must also give rise to differences in incomes. There is a great difference between high profits earned by socially useful activity and profits earned by theft or speculation. It is not always easy to tell one from the other and in many strata of our society there are traditions that prevent such a differentiation. There is no doubt we are facing this type of problem concerning society's consciousness and habits; this is also an impeding factor. But I think that the only conclusion to be drawn is that this reform process -- for that is the way we see it -- is a complex process in which an entire series of features has to be changed simultaneously. It involves not only economic activity but also activity concerning various spheres of social life.

You asked which variant of the reform would be chosen if there were a referendum. This matter requires some explanation. First, we are not concerned with a variant of the reform because there are no such variants. As far as the reform process or the second stage thereof are concerned, the only possible answer is that the second stage has to be implemented very quickly. [paragraph continues]

As quickly as possible. There is nothing here that could be the subject of a referendum. As far as institutional changes that -- and I underline this -- pave the way for the development of enterprise and inventive initiative in all spheres are concerned, there is no choice between "rapid" and "slow" action. But this choice does exist when we are concerned with prices and incomes policy. Here there is a choice, and one can imagine this being the subject of a referendum. But I would not particularly vote on this right now because the experience we have gained in recent years shows we are still in the early stage of creating various new forms of social participation such as social consultations and negotiations on various topics and that we still do not know how to present alternative choices for social consultation properly.

But certain progress has also been made here. At first, these forms of social participation sometimes seemed completely odd and even funny. For example, your colleagues would go into factories and ask: "Do you want a price increase?" Of course, the answer was always no. One might have expected such an answer without even asking. We already have such forms of social consultation behind us, but one still cannot say that we have mastered the technique of broad social consultations. This technique involves creating new institutional forms. And that is why the Sejm has approved the use of referenda and one cannot rule out that they might be applied on some topic. This is one form of institutionalized social participation but, as I said, I would not choose it as the most important one right now. If I had to predict the result of such a referendum, I would say that, given society's weariness with inflation, people would probably vote against price increases because there is a childish assumption that is even expressed in some documents whereby one may demand wage increases but prohibit price increases. This view is still in force and we must overcome it because I believe people are sensible and understand that such a demand leads nowhere.

And finally, the Kornai article on the Hungarian experience: You asked me a very interesting question. My answser is as follows: As a scholar, I profess the principle whereby it is a scholar's prime duty to doubt everything. Adhering to this principle, I imagine various scenarios of the future -- good ones, bad ones, favorable and unfavorable ones. However, I myself strive toward a favorable scenario and have nothing to do with advocating unfavorable ones, for I do not think this leads anywhere. On the other hand, an assessment of the Hungarian experience as viewed by Kornai induces one to various thoughts, including the one that the Hungarian experience has already lasted a long time, almost 20 years, or 18 and 1/2 to be exact, since the beginning of the reforms. This Hungarian economic reform has taken place under completely different conditions from ours, from an economic and demographic point of view. But one must admit that it has not been implemented consistently. This is a great lesson for us. The Hungarian reform has had its stagnation, about which it was later said that it would have been better if it had not occurred. But as it did occur, this experience contains a major warning for us -- a warning to avoid this inconsistency and delays. Despite the very difficult conditions under which we are acting, one must nevertheless gear oneself toward acclerating the reform process.

Part Two

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[Transcript of second part of press conference given to foreign journalists by Deputy Premier Zdzislaw Sadowski on the second stage of the economic reform, in Warsaw on 3 June]

[Text] Jackson Diehl, THE WASHINGTON POST: We have heard that certain measures and mechanisms will be introduced very soon, perhaps even this year. [paragraph continues]

We would like to know what kind of measures will be introduced so soon. First we heard they were to be introduced in 1 month's time, and now we hear that they will be introduced in 2 or 3 month's time. I would like to know if this is procrastination stemming from a certain lack of spontaneity, or perhaps it is the result of a not very enthusiastic or limited participation in discussions on these measures.

My second question concerns the package of changes of which there is talk and which may be introduced. For example, do you support such changes as the purchase of bonds, the purchase of enterprise bonds by employees employed in the enterprise, the development of joint companies based partly on Western capital, and changes like that? What is your attitude on this?

The third question concerns the IMF. Could the IMF help implement the changes you mention? Have you in mind some sort of stand-by [English word used] agreement, or perhaps some other agreement, or are such agreements yet to be concluded?

Sadowski: Answering your first question, I would appreciate it if you abandoned your suspicion about alleged procrastination. There is no procrastination. There is only a multilevel structure of activities. The social consultations on the economic reform theses are still on and they will not finish until the end of June. They will end in a certain summing up, in other words in about 1 month's time we will probably have a picture of the results of the discussions and an idea about the paths that have been adopted as the basis for further action. As far as a program for implementing the second stage of the reform is concerned, in other words the entire set of concrete undertakings we expect to be able to start at the beginning of next year, I see no reason for procrastination here. I do not even see why this should be regarded as a long time. On the contrary, it is a very short time in which to make such preparations. For one must remember that the Council of Ministers' Committee for Implementing the Economic Reform was only formed 2 weeks ago. It is difficult to expect affairs like this to be worked out on one's knee. We want to do it properly. We do not think we have all that much time in which to do it and it must be prepared in such a way as to be able to pass through our decision process.

The second queston concerns what I would like to see in the second economic reform stage implementation program. It is not at all difficult for me to answer, because I have said many times that I write articles, and that I expressed my views very extensively in ZYCIE GOSPODARCZE sometime in the beginning of 1986, in an article called "A Picture of Poland's Future Economic System." It gives me great pleasure to say that parts of what I wrote in that article form part of what we are presently working on.

If it is the private sector you have in mind in your question, then the answer is yes. If I speak about the development of enterprise, what I mean is enterprise in both sectors of the economy, what I mean is enterprise in both sectors of the economy, in other words the public sector as well. I believe we have reason to permit economic undertakings by anyone who wants to do so on his own account. Such possibilities already exist, and we will try to create as stable conditions for this as possible to encourage activity geared further toward the future. However, our main effort is geared, for understandable reasons, to transferring this spirit of enterprise to the public sector, in other words state enterprises, cooperatives, and other forms of social ownership that we already have and will develop. Because the public sector is the dominant sector in Poland right now, and the one that will dominate, it is important for it to develop in this direction. This is possible in various ways, and solutions permitting this development have been the chief target of our reform effort from the very beginning, and are all the more so now.

You asked about shares and bonds. I will expand the question somewhat. While creating the right conditions for the development of enterprise, we have also made it legally possible for enterprises to make independent decisions. In fact they possess an independence in this regard that is virtually unrestricted. However, as far as the market situation is concerned, there is a restriction. Supplies are restricted, the transfer of assests and manpower from one industrial branch to another or from one enterprise to another is restricted. And yet to develop enterprise calls for developing the production assets market.

The purpose of developing this market is to expand all forms of transfer of public capital from less productive enterprises to more productive ones.

We are not acting on an empty stage at all. We already have many of these forms. We have the possibility of transferrring capital by having one enterprise invest in another enterprise, or by undertaking joint investments, but I do not think this is enough. The point is to make it easier to transfer this capital. The bonds you ask about are meant to make it easier to do so. Bonds are a way for enterprises to borrow capital. One can say without any hesitation that this is already possible today. Enterprises in Poland are still not taking advantage of this, but they can do so. It seems to me that there are two reasons why they are not. Our experience shows that a certain amount of time elapses between the moment a new law is introduced and the moment the first reactions to this law appear. It varies between 9 months and a year.

But there is also a second reason: inflation, which does not encourage the purchase of bonds. We are considering how to overcome inflation but we also think it expedient to enable individuals to purchase bonds. This applies expecially to services and retail trade. For example, I think that if a large department store like the "Centrum" store in Warsaw suffers a shortage of capital for development purposes, it could sell bonds to its potential customers and obtain funds that way.

However, as far as shares are concerned, in other words an enterprise's title of ownership of assets, I must admit that I have no clearly established view on this subject. I am not quite sure if we need shares because there are other ways of encouraging people to take an energetic part in production. But I do not rule out the possibility of shares. I think it depends on the outcome of discussions and whether or not people will want them.

Finally, as far as the development of mixed companies is concerned, in other words companies formed out of private and state capital, then I am all in favor of them. The bill on enterprises dealing with inventions, which I said has already reached the Sejm, contains a very important feature aiming in this direction -- namely the idea of companies formed by inventors of new technology, who would invest in them the value of their inventions. I personally attach great significance to this development because I believe one of our greatest needs is to guarantee our inventors and the entire engineering and technical community a suitable status and incentive because they are the implementors of technological progress.

Personally, I am counting on our talks with the World Bank, which are quite far advanced, on the subject of investment credits being one factor that will help us overcome this impasse. It must be said that the members of the Paris Club, our creditors, do not hold a uniform position on this issue that I have described as an impasse. There are signs that some members are displaying more sympathetic attitudes. For instance, the latest talks held in Warsaw with Minister Bangemann indicate that the attitude of the FRG Government is based on an understanding of the need to overcome this impasse. In view of this situation it would be difficult to talk about definite dates for the completion of all talkks. However, I will end on a note of optimism. I believe that in general our situation is better than some time ago and probably the only problem is that we are the only side in the talks that is in a hurry.

Gemma Aizpitarte, EFE Spain: Why is it a problem for the government to carry out the essential elimination of unprofitable and energy-intensive plants when Poland has an excess number of jobs in relation to working people?

Sadowski: Yes, from the arithmetical viewpoint the problem does not exist. The problem lies in the field of the social consequences of the elimination of large enterprises -- that is, such closures entail social consequences for all those concerned. As our government holds the view that we do not intend to resort to the stick of mass unemployment, then we cannot include any moves in our program that would be based on a lack of interest in the future of people who are dismissed.

Thus, our arsenal of reform solutions contains a series of financial and organizational measures that will help to solve this issue in the form of the so-called Vocational Mobilization and Retraining Fund. But what we do lack are conditions that encourage manpower mobility -- that is, the free movement of labor. I would mention housing problems for example. If we had appropriate housing reserves located in the right areas then it would, of course, be much easier to solve this problem. However, the precent situation makes it necessary to consider the consequences of dismissals, the direct consequences, which in practical terms means that we have to find employment for those who are dismissed in the same community with a minimum of labor movement. That is just an example. We do not have conditions that permit manpower mobility, we have to create them gradually. That is the main difficulty, and you asked about difficulties. However, this does not mean we intend to abandon our program, but we must behave cautiously in accomplishing it. Thus, what I have said can be considered an explanation for the fact that the process has been proceeding slowly so far. But we are also determined to accelerate it, which means that we must also make better preparations on the organizational front.

Jerzy Gonczarski, EXPRESS WIECZORNY: I would like to apologize beforehand for what is perhaps a rather long question, but perhaps the reply will be brief. I would like to begin with an anecdote. The outstanding Polish economist Professor Kalecki was at one time an adviser to President Nehru. During one meeting with Nehru he proposed a certain solution. He heard a few polite phrases and that was how the meeting ended. As no news was received from the presidential palace about how the proposal had been received, 2 to 3 weeks' later Prof Kalecki acknowledged that the proposal that he had made to President Nehru would hit the broad middle class — that is, the class on which Nehru's power was based. And now let's move to Polish soil. Is it not naive to think that the reform, if it is to be at all successful, will be implemented by those who will be the first to be hit by it? It will primarily strike at the establishment of the current economic administration, the branch and sector administration.

Sadowski: I can say that I have the following advantage compared with Professor Kalekhi. At first I served as an adviser and then I became a member of the government. One might say that I advised myself. It really is a different situation, but I do not think that it ought to be simplified. Today, the economic and central admininistrations cannot be considered enemies of reform. That would be a very big mistake to make. In actual fact there surely is a good basis for believing that within the administration there is very extensive collaboration in these reform processes. On the other hand, it is a fact that the process reorganizing the center as part of the entire reform process -- we consider this essential (the programs express this) and something that ought to be done quickly -- may be hindered by those who are directly concerned. The reform is a great social process that cannot take place in the midst of conflicts and that conflicts are normal. We cannot count on everyone always being of the same opinion. It is difficult, but that is the nature of the process. What is always important is what forces will prevail. There is no reason for supposing that the forces that will offer resistance will prevail. Practice can prove what I am saying. We will see, let's wait, let practice prove this.

Ventseslav Karaivanov, OTECHESTVEN FRONT: I am rather surprised that not one question has been asked about agriculture. After all, it is a very important branch of the national economy. It is constantly being written and said that it is one sector of the economy in which the reform is working, and working well. But on the other hand, statistics indicate that 30 percent of the population is employed in agriculture, which means that agricultural production is good. What is your position on this?

Sadowski: I share your opinion that issues pertaining to agriculture and the food economy are priority areas of interest. It is true that the documents that have been published thus far have very little to way on the subject, but this does not mean that nothing is happening. I will give you one example. The first step taken by the committee of which I am currently chairman was to set up a team of experts to prepare solutions covering agriculture and the food economy because that is in keeping with our way of thinking.

I am pleased that you consider the reform to be working well in agriculture. It is true that we have had a lot of successes. However, we are having a great deal of difficulty in achieving a clear increase in efficiency and in lowering agricultural production costs. We are also experiencing definite difficulties in many branches of the food industry. These difficulties are primarily connected with a lack of capital, which entails difficulties for the modernization of equipment. In addition, there are entire areas of the food economy that clearly need the application of intensive organizational and economic measures for real progress to be achieved.

For example, I consider the dairy industry to be one such area. I am firmly convinced that we can achieve significant progress in the dairy industry in a relatively short period of time, but this calls for a whole series of organizational measures. These are actually being planned at the present time. This is connected with the fact that the Polish dairy industry has traditionally been heavily subsidized for many years. The way the subsidy system operates is very unsatisfactory. We have to change a great deal in this area. The subsidy system does not encourage what we want to achieve, from higher quality dairy products to equilibrium in the dairy market. It is someting to be achieved, and this is an example of what we want to do.

Naturally, there are other areas of the food economy that require just as many measures, the meat industry for example. It is clear that it and its immediate future are at the top of our list. It can be said that this whole mass of problems is actually where the focus of interest is. We have said a lot about prices and incomes policy and the difficulties that exist in this field. One of the things that should be considered in relation to this is a very important source of difficulties in the area. It can be expressed in simple terms: Farmers are interested in higher procurement prices for agricultural produce, whereas workers, city dwellers, and trade unions are interested in preventing retail foodstuff prices from rising. This represents a clear conflict of interests that requires an on-going solution. This issue can only really be completely resolved when there is, above all, a definite increase in productivity in agriculture and the food economy. So that is the general course of our thinking. However, it is obvious that this calls for intensive and long-term activities.

Carlos Batista, PRENSA LATINA, Cuba: Could you tell us whether the IMF experts who were in Poland to conduct negotiations expressed any views on the subject of the proposals concerning the second stage of the economic reform?

Sadowski: We can say that we have been in constant contact with IMF experts since the very beginning of the economic reform, that is, since 1981. They have not been actively involved in the formulation of recommendations but they have displayed a keen interest in what we are doing. This is also true of the World Bank experts. On the basis of all my experience and contacts with people I can say that I have never and nowhere known a group of people who have better understood our problems and agreed more with our programs than these IMF and World Bank experts. Among the recommendations that were formulated under their auspices once Poland had rejoined these institutions is what we are in the process of doing, and they are fully aware of the fact that they are saying the same thing. It can be said that the one thing that they are calling for is an acceleration of the rate at which changes are taking place. Thus, they are calling for what we ourselves want to do. I would be pleased if there was a similar convergence of views in relation to other groups of people.

Henryk Urbanowski, SZTANDAR MLODYCH: If one accepts the reform philosophy that everything that is not prohibited is permitted as a principle, then I first question how much will be prohibited. I am thinking of the reform legal regulations. To what extent will the civil and trade codes prove inadequate, and to what extent will the second stage of the reform require detailed legal regulations? Will we not experience an inflation of laws and detailed regulations that is so characteristic for Poland's economic life? For me this is a measure of how credible the main reform statement is?

Sadowski: Yes, I think you have raised a very important question. First, one has to say that the slogan everything is permitted that is not prohibited is, in my opinion, very useful as a slogan indicating direction. It requires our legal system to evolve because it was not constructed to go in this direction. Thus, this evolution will not, of course, occur straight away. Nevertheless, it is very important to have this slogan written on the reform banner as a way of indicating direction. Great progress has been made in eliminating old laws. The number of legal regulations that existed at the outset of the reform has been reduced -- I cannot recall precise figures but it has been reduced by about one-third. But this one-third is still a very great number from the point of view of the management logic that we are trying to introduce and that is the problem we face.

We can say that we are certainly not in an inflationary but deflationary process, but this deflation must be continued and accelerated. That is why our program postulates, that is, the concrete ones and not just the theses, contain the postulate of a rapid continuation designed to further reorganize laws.

I would like to say that at the beginning of our reform in 1980, when we introduced the first law paving the way for the reform, namely, the Law on State Enterprises, the legislature, having good intentions, inserted a clause stating that all regulations not consonant with the new law will lose their legal force. This sounded revolutionary. For someone such as myself who is not a lawyer this seemed to be a solution. And lawyers also thought that it would work. However, practice demonstrated that a clause of this kind is not worth anything because it gives rise to thousands of arguments concerning the interpretation of what is and what is not consonant with the law. Thus, it turned out that there is no other way but that of arduously removing regulation after regulation of the old laws. We are in a situation in which there are prewar regulations still in force, which, by some strange accident, are still being taken advantage of today. There are also laws dating back to the 1950's. These laws have to be removed and we are in the process of doing this. We appreciate the significance of this issue concerning legal reorganization. Besides, work is at a very advanced stage with regard to amending the civil and labor codes. There are also a whole series of demands that cannot be met at the same time for the simple reason that there are limits to how much lawyers involved in this process can do. The process must take some time.

Bernard Marguerrite: I would like to end with a rather strange question. Premier, as someone who deals with sociopolitical reality, are you pleased with the expert reports that you have undoubtedly found on your new desk, reports that were once prepared by Professor Sadowski? Or do you think that the then adviser had too little contact with sociopolitical reality? Or perhaps the opposite is true. Now that you are a premier, perhaps you are beginning not so much to regret but view with admiration the position in which the expert and adviser finds himself, someone who does not have to struggle with sociopolitical reality.

Sadowski: I would reply that there are various kinds of advisers. Personally, I always counted myself among those people who did not avoid contact with reality. Among my colleagues there are people who stress with a certain amount of satisfaction that their peace of mind stems from the fact that they do not go into detailed problems concerning reality. I must say that I never valued an attitude of this kind among advisers, I tried not to represent this attitude, and I still do not value it.

And now to answer your question: As I have already said, when I was a professor I was always full of doubts and I was like that as an adviser. In this sense, I can criticize my own reports for not always ending with suggestions that could be put into practice without too much difficulty, that were clearly suitable for implementing. Now it is my role to make these suggestions suitable in the way I have described.

CEAUSESCU DEPARTS FOR POLAND 9 JULY

AU091058 Bucharest AGERPRES in English 0931 GMT 9 Jul 87

[Text] Bucharest, AGERPRES, 9/7/1987 -- On 9 July, in the morning, RCP General Secretary Nicolae Ceausescu, president of Romania, left on a friendly working visit to the Polish People's Republic, invited by the first secretary of the CC of the PUWP, Wojciech Jaruzelski, president of the State Council of Poland.

The head of the RCP and the Romanian state is accompanied on his visit by Stefan Birlea, alternate member of the Executive Political Committee, Ion Stoian, alternate member of the Executive Political Committee, secretary of the CC of the RCP, and Gheorghe Petrescu, deputy prime minister.

At 9:20 [0620 GMT] hours the presidential aircraft took off, heading for Warsaw.

CEAUSESCU DISCUSSES COOPERATION WITH SPD'S KOSCHNICK

AU081842 Bucharest AGERPRES in English 1807 GMT 8 Jul 87

[Text] Bucharest AGERPRES 8/7/1987 -- RCP General Secretary and Romania's President Nicolae Ceausescu received on July 8 Hans Koschnick, member of the Presidium of the Social Democratic Party of Germany (SPD), chairman of the SPD Foreign Relations Commission, now on a visit to Romania.

Thanking for having been received by the Romanian leader, the guest appreciated the achievements the Romanian people scored in all domains of the economic and social life in the last few years.

During the interview reference was made to the positive course of relations between the RCP and the SPD, and the wish was expressed to further develop them. Stress was laid on the broad possibilities of boosting collaboration between the two countries on multiple planes, especially in the economic and technical-scientific areas.

International issues were also approached. President Nicolae Ceausescu assessed that under the current circumstances, when the situation continues to be particularly serious, it was imperiously necessary that all countries, irrespective of size or sociopolitical system, the political parties, and all the democrat c and progressive forces should rethink the political problems all while taking into account the deep-going changes occurred in the world, the existence of nuclear weapons and of the huge arsenals stockpiled on our planet. It was stressed that firm action should be taken for an end to the dangerous course of events toward confrontation and war, the adoption of tangible measures of disarmament, nuclear disarmament first and foremost, the peaceful, negotiated settlement of interstate differences and a new course in the international life toward detente, collaboration and peace.

The interview focused on the European situation. In the context, President Nicolae Ceausescu showed that the European countries and peoples should assume greater responsibility and play a more active role with a view to halting the arms race, the nuclear one in the first place, resuming and consolidating the policy of detente and security, building up confidence and strengthening cooperation among the states on the continent, building a united Europe of peace and collaboration.

The exchange of views on the world economic situation underscored the importance for a global, equitable solution to underdevelopment questions, the developing countries' inordinately high external debts included, and the establishment of a new international economic order.

During the interview emphasis was placed on the need for a broad collaboration among communist, socialist, social democratic parties, among the progressive and democratic forces everywhere for the resolution of the complex problems facing mankind nowadays, in the interests of peoples and the ensurance of peace.

The interview was attended by Ion Stoian, alternate member of the Executive Political Committee, secretary of the CC of the RCP.

CEAUSESCU CHAIRS EXECUTIVE COMMITTEE MEETING 3 JULY

AU061624 Bucharest SCINTEIA in Romanian 4 Jul 87 p 1

[Text] Comrade Nicolae Ceausescu, RCP secretary general, chaired a meeting of the Political Executive Committee [PEC] of the RCP Central Committee on Friday, 3 July.

The PEC examined what action has been taken to fulfill the plan for June and the first half year, as well as measures aimed at implementing the provisions for the whole year of 1987.

During the meeting it was emphasized that, compared with the same period of last year, increases in production, including exports, were achieved in the first 6 months of the current year, especially in June. Despite this, in some sectors and in the case of certain plan indicators the achievements were not up to provisions and to the technical and material potential of our national economy.

Proceeding from this situation, Comrade Nicolae Ceausescu, RCP secretary general, recommended that each central department and enterprise and each industrial branch should take firm measures to speedily eliminate shortcomings and to improve all activities, to make up for all lags, and to fulfill the plan for July, for the second half year, and for the whole year under optimal conditions. It was established that the June lags, especially those in exports, should be made up for by 10 July. The government, the ministries, industrial departments, and all enterprises were asked to take on greater responsibility for manufacturing the whole range of the item-specified production, with the strict observation of approved consumption norms, and, in general, with reducing material expenditures, which are still high; they were also asked to constantly increase labor productivity and product quality, to recover and utilize reusable materials, to recondition and reuse parts and subassemblies, and to increase the efficiency of all economic activities. Special attention has to be paid to eliminating surplus stocks and to reducing stocks of unfinished products which continue to be excessively high and on the basis of which we could ahieve a considerable increase in production.

During the meeting, Comrade Nicolae Ceausescu particularly stressed the need to pay maximum attention to fulfilling the export production and to delivering the best quality products on schedule as stipulated in the contracts with our foreign partners. Considering that all necessary conditions exist to completely fulfill the export production and that all necessary contracts have been concuded with our foreign partners, the party secretary general demanded that work should be organized in such a way in productive enterprises so that during the summer and fall months some products planned for export will be manufactured ahead of schedule.

As far as investments are concerned -- where there still are a number of lags -- it was stressed that immediate and energetic measures are necessary to ensure that the new production capacities are put into operation on schedule. It was particularly emphasized that the construction and assembly of equipment must be speeded up because there are quite large stocks of them on construction sites instead of being put into operation immediately.

In the field of agriculture, the party secretary general stressed that at this point it is essential for the party bodies and organizations, the agricultural bodies, and the people's councils to ensure a broad mobilization of all working people in villages to complete barley harvesting in all countries and to move to wheat harvesting in the southern counties by the beginning of next week. Conclusions must be drawn from experience gained during barley harvesting and all necessary measures have to be taken to optimally harvest wheat, to ensure its appropriate transportation and storage, and to see to it that summer and fall crops are tended properly and on schedule.

Stressing that the national economy has everything necessary available to optimally and efficiently implement the plan provisions in industry, agriculture, investment, exports, and in all sectors of activity, Comrade Nicolae Ceausescu demanded that the government, the ministers, the managerial councils, the working people's councils, the county party committees, and all party bodies and organizations take firm action to properly organize the production process, to solve all problems that emerge in the plan fulfillment activity, and to ensure a climate of strict order and discipline in the fulfillment of the plan in each sector and in each economic unit.

Proceeding from the particular importance of the tasks and targets put forward for the current year, party secretary general, Comrade Nicolae Ceausescu, called on all Communists, all working people, and on all our people to act in a revolutionary spirit and with great responsibility to ensure the optimal implementation of the plan provisions for July, the second half year, and for the whole of 1987, thus ensuring the resolute fulfillment of the general program for the country's socioeconomic development and the implementation of the 13th RCP Congress decisions.

The PEC meeting then discussed and endorsed a report on a draft decree regarding the assignment of jobs to the 1987 graduates of full-time educational institutes. The meeting stressed that the plan for the assignment of jobs to graduates from institutes of higher education, lyceums, and vocational schools was based on the 13th RCP Congress guidelines and on the recommendations made by the party secretary general, Comrade Nicolae Ceausescu, with a view to ensuring the thoroughly trained cadres needed to fulfill the important tasks of the national economy in the current 5-year plan and in the future. Attention was paid to meetings the staff requirements in all branches of the economy, especially in mining, oil, energy, and agriculture.

The PEC and the party secretary general, Comrade Nicolae Ceausescu, expressed their conviction that the new graduates who will begin working in the production process this year will apply all their knowledge acquired during their studies and all their professional training to commendably implementing the great targets put forward by the party aimed at ensuring the homeland's multifaceted progress and improving the people's standard of living and their level of civilization. The new graduates will thus assert themselves at their jobs and through their overall activity as dignified and enthusiastic builders of socialism and communism on Romania's soil.

During the meeting, the PEC also examined a plan of measures to mark the 43d anniversary of the victory of the antifascist and anti-imperialist revolution for social and national liberation of 23 August 1944.

Endorsing the plan of measures, the PEC decided that the 23 August anniversary should be marked throughout the country by numerous political-ideological and cultural-educational events which should highlight the rich and glorious traditions of struggle of the RCP and of our people, the historical importance of the antifascist and anti-imperialist revolution for social and national liberation, and the deep-going revolution for social and national liberation, and the deep-going revolutionary changes that have occured in Romanian society in the past 43 years and especially during the period of the great achievements opened up by the Ninth RCP Congress, namely since Comrade Nicolae Ceausescu is at the helm of the country's and the nation's destiny on the road of socialism and communism. The political-organizational activity will be intensified to mobilize all working collectives even more to optimally fulfill the 1987 plan and tasks and to implement the 5-year plan provisions.

The PEC expressed its confidence that all our people will welcome 23 August, the RCP National Conference, and the 40th anniversary of the proclamation of the Republic with fresh and greater successes in all areas and in raising the homeland to higher and higher pinnacles of progress and socialist civilization.

The PEC also dealt with current issues of the party and state activity.

ECONOMIC PROGRESS REPORT FOR 28 JUNE-4 JULY

AU041730 [Editorial Report] Bucharest Domestic Service in Romanian in its broadcasts between 28 June and 4 July carries the following economic performance reports (time and date of broadcast in parentheses):

Braila County: 42 economic units in this county fulfilled and overfulfilled their half-year plan, starting the month of July with an additional production stock worth 291 million lei. These units supplied the national economy with 189,000,000 kwh of electric power in excess of the plan and over 8,000,000 cubic meters of methane gas. (1300 GMT 4 Jul);

Gorj County: Various coal mining units in the Motru valley have fulfilled their half-year plan. Horasti mines report 50,000 tonnes of coal extracted in excess of the plan, and Leurda and Lupoaia mines report 10,000 tonnes of coal extracted in excess of their half-year plan. (1000 GMT 28 Jun)

BRIEFS

NEW RAILWAY IN HUNEDOARA — A new railway — Deva-Brad — was built in Hunedoara County (central Romania). Though only 36 km long it is of special economic importance. The line links the Mures Valley and Tara Motilor through a varied and highly difficult-to-pass relief (a reason for which the work was abandoned twice — in 1940 and 1949). To build this railroad the workers had to perform a large volume of operations which included the construction of 41 bridges and viaducts of various sizes (the longest viaduct is that of Valisoara — 186 m), 4 tunnels (the longest being that of Dealu Mare), as well as the excavation of more than one million cu.m. of stone and earth. The new railway was opened to freight traffic, and till the end of this year it will also handle passenger cars. Owing to this line the heavy traffic between Deva and Brad is shortened by 290 km. [Text] [Bucharest AGERPRES in English 1418 GMT 4 Jul 87 AU]

MOJSOV GREETS PRESIDENT REAGAN ON INDEPENDENCE DAY

AU081817 Belgrade BORBA in Serbo-Croatian 4-5 Jul 87 p 7

[Text] On the occasion of the United States' Independence Day, Lazar Mojsov, president of the SFRY Presidency, has, on behalf of the SFRY Presidency, sent a telegram to Ronald Reagan, President of the United States, with cordial congratulations and wishes for the well-being of the friendly American people. Marjan Rozic, president of the SFRY Assembly, sent congratulations to James Wright, the speaker of the House of Representatives.

EGYPTIAN PRESIDENT HUSNI MUBARAK PAYS VISIT 7 JULY

Arrives in Belgrade

LD071045 Belgrade TANJUG Domestic Service in Serbo-Croatian 0929 GMT 7 Jul 87

[Text] Belgrade, 7 Jul (TANJUG) -- Muhammad Husni Mubarak, president of the Arab Republic of Egypt, arrived in Belgrade today by invitation of the SFRY Presidency.

The distinguished guest was welcomed with the highest honors and given a warm welcome by Lazar Mojsov, president of the SFRY Presidency. Also present at the welcoming ceremony at Belgrade airport were FEC President Branko Mikulic, Federal Secretary for Foreign Affairs Raif Dizdarevic, Radije Kontic, chairman of the Yugoslav side of the mixed Committee for Economic Cooperation With Egypt and a member of the FEC, and other officials.

Accompanying Mubarak were Ahmad 'Ismat 'Abd al-Majid, deputy prime minister and minister of foreign affairs of Egypt; Yusri 'Ali Mustafa, minister of economy and foreign trade; 'Usamah al-Baz, first under secretary for foreign affairs and director of the President's Office for Political Affairs; and other colleagues of the president.

The two presidents will have talks this afternoon. It is expected that the exchange of views will cover the improvement of friendly, comprehensive relations and cooperation between the two countries, the activity of the Nonaligned Movement in the sphere of strengthening the South-South dialogue in light of the forthcoming UNCTAD session in Geneva, the current situation in the near and Middle East, and other questions of mutual interest. Before this Husni Mubarak will lay flowers on the tomb of President Tito.

It is envisaged that Lazar Mojsov will host a dinner in honor of the Egyptian head of state, and that on this occasion there will be an exchange of toasts. This is Mubarak's sixth official visit to Yugoslavia. He has stayed here twice in his capacity as deputy president and he has been welcomed three times as president of Egypt.

Holds Talks With Mojsov

LD072121 Belgrade TANJUG Domestic Service in Serbo-Croatian 1907 GMT 7 Jul 87

[Text] Belgrade, 7 Jul (TANJUG) -- Yugoslavia and Egypt are linked by firm ties of friendship which can be seen, among other things, in the summit meetings that have taken place regularly in recent years.

This was stressed at the official Yugoslav-Egyptian talks between President Lazar Mojsov and President Husni Mubarak that concluded this evening in Belgrade.

Mubarak arrived this afternoon on a 24-hour friendly working visit at the invitation of the SFRY Presidency.

Mojsov and his guest agreed that the two countries have achieved important results in all-round cooperation, but that particularly in the case of economic relation, there exist unexploited opportunities that should be transformed into new forms of cooperation. The initial encouraging experiences in industrial cooperation, the production of tractors, cars, heavy-duty vehicles and other products, serve as an impetus for further progress to this end.

The president of the SFRY Presidency and the Egyptian president also examined opportunities for the greater involvement of Yugoslav firms in the construction of investment projects in Egypt.

FEC President Branko Mikulic, who also took part in the talks, together with Raif Dizdarevic, federal secretary for foreign affairs, and FEC member Radoje Kontic, provided information on certain agreements concluded during his visit to Cairo last week on the expansion of bilateral cooperation. Satisfaction was expressed in this connection in the talks this evening with the fact that President Mubarak's visit is taking place just a few days after the visit to Egypt by the FEC President.

Both sides expressed readiness to renew the tripartite agreement on mutual economic cooperation between Yugoslavia, Egypt, and India, which expires next year. This agreement is an example of how developing countries can rely on each other and help each other, Mojsov and Mubarak stressed. Within the framework of the talks about bilateral trade, stress was placed on the need for efforts to increase the overall trade volume with particular emphasis on the need for balanced trade, as Egypt so far has recorded a considerable deficit.

On international topics, the two presidents focused most attention on the Near and Middle East. Support was voiced by both sides for the idea of convening an international peace conference on the Near East and for the efforts designed to speed up its organization. It was stressed in this context that priority should be given to the resolution of the Palestinian issue -- the key problem in this prolonged crisis. It was said that a meeting of this kind would not be possible without the participation of the legitimate representatives of the Palestinian people, while it would be left to the Palestinians themselves to decide on the form of their participation.

Both sides expressed an interest in seeing the war between Iraq and Iran brought to an end in a peaceful manner and as soon as possible. This is a tragic conflict with immeasurable human and material losses for the warring countries which threatens to develop into a conflict of wider implications, Presidents Mojsov and Mubarak emphasized.

On the eve of the Seventh UNCTAD conference in Geneva, Yugoslavia and Egypt wish to stress that they expect the conference to embark with determination on tackling mountain problems affecting the developing countries. Instead of being a decade of development, the current decade can be described more as a halt or even regress in the development of developing countries, the two sides stressed.

Dissatisfaction was expressed at the existence of various kinds of barriers, at the low prices for raw materials and at protectionist and other measures imposed by the developed countries, and the means that the developing countries are resorting to in order to relay their enormous debts.

The Yugoslav and Egyptian delegations will make concerted efforts at the Geneva meeting to help find solutions to the problems on the agenda. The two sides used this opportunity to reiterate the need for closer cooperation between the economies of developing countries in line with the conclusions reached at the recent nonaligned meetings in Pyongyang and their last summit meeting in Harare.

The talks evidence a great similarity and identity of views on all issues that were discussed. The meeting between Mojsov and Mubarak proceeded in an exceptionally cordial and friendly atmosphere.

Ends Visit, Leaves for Geneva

LD081020 Belgrade TANJUG Domestic Service in Serbo-Croatian 0837 GMT 8 Jul 87

[Text] Belgrade, 8 Jul (TANJUG) -- President of the Arab Republic of Egypt Muhammad Husni Mubarak left Belgrade today on a special plane at the end of a 24-hour working and friendly visit to Yugoslavia at the invitation of the SFRY Presidency.

At the Belgrade airport the head of the Egyptian state was seen off by Lazar Mojsov, president of the SFRY Presidency. Also present were FEC President Branko Mikulic; Raif Dizdarevic, federal secretary for foreign affairs; Radoje Kontic, member of the FEC and chairman of the Yugoslav side of the mixed Commission for Economic Cooperation With Egypt; and other officials.

The following also left with Husni Mubarak: Ahmad 'Ismat 'Abd al-Majid, deputy prime minister and minister of foreign affairs; Yusri 'Ali Mustafa, minister of economy and foreign trade; 'Usamah al-Baz, first under secretary for foreign affairs and director of the President's Office for Political Affairs; and President Mubarak's other aides.

Presidents Mojsov and Mubarak reiterated that it was in the interest of both countries to diversify their relations, and economic relations in particular, to update them by introducing higher forms and to develop them on a longer term basis.

Egypt and Yugoslavia emphasized the seriousness of the situation in developing countries caused by the existing economic relations in the world. In this context the two sides expressed hopes for a positive outcome of the UNCTAD conference in Geneva and stressed the need for closer links between the economies of developing countries as one of the most important ways for improving the situation.

Yugoslavia and Egypt expressed full support for the idea of an international confernece on the Near East and for the efforts to convene it as soon as possible. The two countries called for an urgent end to the Iraq-Iran war.

The Yugoslav delegation places particular emphasis on the fact that the talks proceeded in an exceptionally cordial and friendly atmosphere and that they confirmed the usefulness of continuing Yugoslav-Egyptian high-level political contacts.

At the end of his visit the Egyptian president extended an invitation to the president of the SFRY Presidency to visit Egypt. The invitation was accepted with pleasure. Husni Mubarak left Belgrade for Geneva where he is going to take part in the work of the coming UNCTAD conference.

FEC'S MIKULIC TOAST AT CAIRO DINNER 27 JUNE

LD281036 Belgrade TANJUG Domestic Service in Serbo-Croatian 1350 GMT 27 Jun 87

[Text] Cairo, 27 Jun (TANJUG) -- In his reply to the toast of Egyptian Prime Minister 'Atif Sidqi, FEC President Branko Mikulic said in his toast [at the dinner in Cairo on 27 June]:

The friendship between Yugoslavia and Egypt is heartfelt and sincere, presupposing mutual respect, understanding, closeness and even more.

"Friendship between peoples must be nurtured; it must be a joint achievement as much as a joint concern so that it can endure and strengthen. Friendship between Yugoslavia and Egypt, imbued by the visions of Presidents Tito and al-Nasir has developed precisely out of such a concept.

"We have come a long way together," Mikulic said, "from the time when the idea of nonalignment was conceived until now. Our friendship gained real substance and meaning through cooperation, becoming a factor in the life and work of our people. It is thus logical to feel that we should pursue these obligations in the same spirit.

"Egypt has always been one of Yugoslavia's most important partners among the nonaligned and developing countries. We have arrived at our joint strategic goal whereby we contribute to ourselves and the world with increasing success through an even more intensive and meaningful cooperation, especially economic. This is a part of the joint vision of the founders of the Nonaligned Movement.

"Traditional cooperation between our economies can truly become an example of creating a fundamental quality and dynamic relationship, in which complementarity yields the best fruit. We have achieved relatively good results in higher forms of cooperation, too, and in the sphere of industrial cooperation; we have also realized that our abilities have not been even remotely exploited to the full. We have a realistic base for developing new cooperation, for which the two countries show even greater interest, corresponding to our realistic potential and needs. We have achieved a great deal, but would like to achieve more, through making joint efforts.

"The coincidence of our aspirations exceeds the bilateral framework," Mikulic stressed. "Our desires and wishes, our goals and the view of the world and relations in it are epitomized in the nonaligned policy. Nonalignment represents not only an orientation toward well-known principles and exalted ideals but also a permanent action for the realization of the exalted goals of the movement.

"In the world of dangerous divisions and contradictions, wars and crises, confrontations and rivalry -- when reality is far not only from our desires but also from realistic needs of every nation -- the bridges of peace, equality, and cooperation, built by the nonaligned policy, remain the only option of survival and development.

They encourage a dialogue where there is none, agreement-seeking where there is division, while preventing questions of vital importance for the whole world becoming dependent on mutual rivalry or one-sided accords.

"True, the negotiations between the superpowers on arms control and disarmament, as well as the manifest readiness and initiatives, today provide a motive for a qualitiatively new encouragement. However, a safe tomorrow as a goal is realized only by awareness that we are all taking part in deciding about it.

"The message and orientation from an exceptionally dynamic succession of activities of the Nonaligned Movement after the Harare summit is to promote a dialogue to create the necessary conditions for the stable and secure development of the whole international community by joint efforts and on an equal basis.

"Cooperation in the Mediterranean -- a region of centuries-long turmoils and dissensions, intermingling and awareness of peoples, where foreign claims are in conflict with undivided strivings toward peace and security -- is the lasting preoccupation of the world. The results of the recent Brioni meeting of the Mediterranean members are genuinely encouraging, consolidating trust in prospects for precisely such a unique view of life in peace and the calm development of the Mediterranean countries.

"However, we must not forget that on this path there still lie unextinguished hotbeds of crisis and conflicts. All the world problems, hardships and sufferings are in their own way present in the Middle East region. Yugoslavia's stands and activities, its continual involvement in eliminating the causes of the crisis on this region are well-known, as well as its involvement in seeking solutions to the Palestinian issue as the crux of the complex Middle East situation. I would like to add only this -- that as nonaligned countries we bear a greater responsibility for actively and constructively examining all the initiatives and ideas whose aim is a comprehensive, lasting and just solution to one of the longest crises.

"The idea on convening an international peace conference is becoming increasingly acceptable in the world. True, at the present we do not see a more realistic way of fundamentally resolving the Middle East crisis than a world conference under UN auspices, with the participation of all the interested factors, including the PLO as the only legitimate representative of Palestine's Arab peoples. This would also be an effective way of contributing to efforts to improve the general political climate in international relations.

"One of the key positions undoubtedly belongs to the nonaligned Arab Republic of Egypt. I deeply believe that you will contribute to the development and consolidation of conditions for just peace, realization of the Palestinian people's rights to their own state, undivided security and general progress of the countries and peoples of the Middle East, together with the other Arab nonaligned countries.

"Struggle for economic equilibrium is also struggle for true and genuine democratization of international relations. We will give it a deeper meaning and the most effective support through mutual cooperation and reliance on our own resources. At the recent ministerial conference in Pyongyang the nonaligned countries repeated their support for equality and greater respect for reciprocity of interests on a global plan. It is obvious that efforts should be concentrated on further persistent seeking of points of contact with the developed world," Branko Mikulic said in his toast.

STANIC: ALIA SPEECH CONTAINS 'UNTENABLE INSINUATIONS'

AU081801 Belgrade BORBA in Serbo-Croatian 3 Jul 87 p 1

[Excerpt] Belgrade, 2 Jul (TANJUG) -- Answering a question on his reaction to the part of Ramiz Alia's speech delivered at the Albanian Trade Union Congress that referred to Yugoslavia and the Yugoslav-Albanian relations, Aleksandar Stanic, official spokesman, of the Foreign Ministry, said the following: Unfortunately we must conclude that the speech of the president of the People's Socialist Republic of Albania delivered at the 10th Trade Union Congress contains untenable insinuations at the expense of Yugoslavia's nonaligned and especially good-neighborly policy. These views represent the revival of a policy that existed in the most difficult period of our relations during the time of Enver Hoxha which, in the interest of our two neighboring countries, should not be in repeated.

The intention of the Albanian leadership to continue to crudely interfere in our internal affairs is obvious.

Yugoslavia has on several occasions demonstrated readiness and made specific steps toward normal and better relations between the two neighboring countries on the principles of full equality and noninterference in internal affairs.

In conducting its foreign policy the SFRY has always given prime importance to its relations with neighboring countries. Yugoslavia remains open for normal and good-neighbor relations with Albania within the framework of the well-known principles. [passage omitted]

SERBIAN SAWP DISCUSSES ISLAMIC COMMUNITY

AU021920 Belgrade Domestic Service in Serbo-Croatian 1700 GMT 2 Jul 87

[Text] Some unacceptable and politically harmful conduct is seen in the activities of a part of the Islamic community in Serbia. This is the assessment made at the session of the Commission of the Executive Council of the Assembly of Serbia for Relations With Religious Communities. The commission examined the relations with the Islamic Community in Serbia.

It is unacceptable, as it has newly become the practice, that in places where there is no ethic Albanian population [words indistinct]. The Albanization of the Young Foresters and the Islamization of religious [words indistinct] were also critically discussed. It was also pointed out that almost all the Islamic Community structures take a rather passive attitude toward the excesses of Albanian separatists and toward the problem of emigration by Serbs and Montenegrins. Some individuals in the Islamic Community have contacts with hostile emigres and (?are under the influence of) Islamic fundamentalism.

These are some points made at a session of the Commission of the Executive Council of the Assembly of Serbia for Relations With Religious Communities.

SFRY ASSEMBLY DEBATES IMPROVEMENT OF ECONOMY

LD011015 Belgrade TANJUG Domestic Service in Serbo-Croatian 1030 GMT 30 Jun 87

[Excerpts] Belgrade, 30 Jun (TANJUG) -- The SFRY Assembly Chamber of Republics and Provinces today considered the theses for the improvement of the economic system, which includes suggested changes in several fields from expanded reproduction and the banking and credit system to the levying of funds from our citizens and joint ventures with foreigners. The introductory speech was made by FEC member Oskar Kovac, who stressed that the changes proposed are of key importance for the functioning of our economic system and for setting in motion the more effective development of the Yugoslav economy.

Oskar Kovac said that the FEC has proposed the economic improvements at this particular time because constitutional improvements are being elaborated and it is an appropriate time to raise all questions that require clear social decisions. He added that most of the proposed changes to the economic system could be implemented before the changes to the Constitution.

In the theses, Kovac continued, most concentration is focussed on the key questions of expanded reproduction, it being considered that this segment is now, to a large extent, a bottleneck impeding the overall application of the stabilization program and putting a very serious brake on our socioeconomic development. In a nutshell, solutions are being proposed which, through economic motivation and compulsion, would encourage economic subjects to pool and concentrate social accumulation where the best effects will be achieved.

The pooling of funds to stimulate the more rapid development of the insufficiently developed republics and provinces should be organized on the above-mentioned bases; in this context Oskar Kovac laid particular stress on the orientation to make more use of citizens' funds, which are not to be underestimated, for overall development. There is no reason in principle, he added, for society not to finance development with citizens' funds, and not only on the basis of the relationship between loans and deposits but also of direct pooling arrangements or investments by employees in their own or another organization of associated labor. [passage omitted]

The introductory speech was followed by a debate on the theses, in which the delegates on the whole gave their support to the document. The first participant in the debate, Pavle Tasevski, from the Planning Committee, noted that in drawing up the laws and regulations identified in the theses, it is important to avoid excessive normativism. It is essential, he stressed, to ensure greater business independence and creativity of economic subjects and to select those solutions that will facilitate complete rationality in business activity.

It is rightly demanded, Tasevski continued, that greater attention be paid to the pooling of labor and resources and the collecting of the reserve funds of citizens.

Nikola Filipovic spoke on behalf of the Committee for Economic Relations With Foreign Countries, saying that this working body had given support to the theses but had also put forward certain comments. One of the remarks was that there are not sufficient instruments for directing social accumulation toward the most important areas of economic development.

Speaking about joint investment with foreigners, Filipovic said that this is a good way not only to secure additional accumulation but also, with the expansion of the market, to introduce modern technology and work organization which brings with it greater discipline and order. [passage omitted]

Following the debate, the chamber adopted conclusions that stress support for the directions and aims of the improvements in the economic system heralded in the theses. It is considered that the proposed solutions can serve as a basis for the further improvement of the economic system, whereby conditions will be created for the complete implementation of the tasks outlined in the stabilization program. Particular emphasis is placed on the importance of the solutions in the theses that lead to the further consolidation of the market and laws of commodity production, as well as the strengthening of the autonomy and responsibility of organization of associated labor.

The chamber also approved a decision on the aims and tasks of the joint money issue, monetary, and credit policies in the second and third quarter. The growth in the money supply in the second quarter will, according to the corrections approved, amount to 20 percent and the growth in bank loans to 19.5 percent.

In the coming quarter the increase in the money supply should be 33.4 percent and in total bank credits 29.6 percent in comparison with 31 December 1986. In the subsequent quarter the money supply may increase by 520 billion dinars and bank credits by 860 billion dinars. Many feel that these sums of new money and credits are not enough to meet the most important demands of organizations of associated labor. [passage omitted]

The chamber today also examined and approved information on the relations of the SFRY with its neighbors. It was assessed that in its relations with most of its neighbors Yugoslavia has achieved significant results in the political, economic, and cultural sphere and that, despite certain problems, there are good conditions for the expansion of cooperation.

All-round cooperation, as the adopted conclusions state, is important for all countries of the region, and for peace not only in the Balkans but also further afield. To this end, the chamber called on the FEC to intensify the elaboration of long-term programs of economic and scientific-technological cooperation with each of the neighboring countries, and to sumbit them for consideration to the SFRY Assembly by the end of the year.

The chamber particularly noted the importance of holding an initial meeting of foreign ministers of the Balkan countries, stressing that this would contribute to improving the general atmosphere in the Balkans and the strengthening of mutual trust between the states of this region. It is also considered that the holding of this meeting would contribute to the realization of the principles and aims of the UN Charter and Helsinki Final Act. [passage omitted]

FEC ISSUES REPORT ON RECENT SFRY ECONOMIC TRENDS

LD081438 Belgrade TANJUG Domestic Service in Serbo-Croatian 1125 GMT 8 Jul 87

[Text] Belgrade, 8 Jul (TANJUG) -- In the last part of the year growth has been achieved in production and exports to the convertible currency market, a process of reducing unemployment and slowing down the growth in personal, general, and joint expenditure has begun (although their growth is not within the envisaged limits), and this has contributed to the harmony between supply and demand that has begun. These assessments are contained in an FEC report on economic trends in the first half of the year which has been sent to the SFRY Assembly.

However, in the extensive material warnings are given that because of high inflation the reduction of imports and production of semimanufactured goods, raw materials, and limited investment expenditure, there is a danger that the growth in production will slow down. A particular problem is that the tasks in the resolution in the area of prices, the external liquidity of the country, credit and monetary policies, and the quality of business activity and investment are not being realized.

The orientation toward real economic categories and the tightening of market laws is revealing all the profound problems in our economy, and the seriousness of the situation is the result of having deferred solving them or rather the many years when they have been exacerbated. The FEC assesses that the existing state of affairs cannot be overcome simply by the effects of economic policies but by changes in the economic system.

Inflation continues to be the main problem. The rate of inflation, measured by the growth in retail prices in June in comparison with June last year amounted to 100.6 percent and is 8.8 index points up on June last year. Manufacturing prices of industrial products rose in May by 72.3 percent and the cost of living by 93.3 percent in comparison with May last year.

Although the average monthly rise in retail prices in the first 5 months amounted to 6.6 percent and manufacturing prices to 6.1 percent, the FEC envisages the real danger of prices increasing in the second half of the year as well. Since inflation is already into three figures it is clear, the FEC report stresses, that a turnabout must be made; that is we must go for fundamental systemic changes based on real economic categories.

On expenditure, the FEC states that with the effect of the intervention measures expenditure has showed down but it is necessary to continue slowing down this growth up to the end of the year.

On the basis of the whole picture of economic trends, the FEC stresses that the condition for a way out of the crisis is the fuller mobilization of unexploited human and material potential. And this, it is added, cannot be achieved without reforming the economic system. In this context the need is recalled for the fastest possible implementation of the goals set out in the theses for the improvement of the economic system. The FEC promises that this summer it will send the SFRY Assembly the draft of the laws relating to changes in several areas -- expanded reproduction, the credit and banking system, and the attraction of funds from citizens and joint investments with foreign entities.

YOUTH ORGANIZATION FAILS TO ELECT PRESIDENT

AU081903 Belgrade POLITIKA in Serbo-Croatian 2 Jul 87 p 1

[Text] (TANJUG) -- The Conference of the League of Socialist Youth of Yugoslavia decided yesterday to postpone for 20 days its decision on the election of Zeljko Cigler as member of the Presidium, which, according to the Slovene youth organization proposal, is a condition for being elected president of the Yugoslav youth organization. In the interim the provincial and republican youth organization will also discuss Cigler's election to the Presidium of the Conference of the League of Socialist Youth of Yugoslavia. The term of office of Hasim Redzepi, current president of the organization, has been extended until the election of a new president. Zoran Andjelkovic has been elected new secretary of the Presidium of the Conference of the League of Socialist Youth of Yugoslavia.